

# **Business Regulation in Maryland**

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Volume VIII  
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# Foreword

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The State of Maryland has over 145,000 businesses that employ approximately 2.4 million workers. Maryland's location near the nation's capital and in the center of the Boston-to-Atlanta corridor makes the State an excellent market for goods and services.

This handbook describes the regulation of business in Maryland and provides information that may be helpful for businesses, such as labor requirements, tax structure, and contacts within the State government. The handbook covers regulations that are common to all businesses in the State such as occupational safety, as well as those that are unique to the various industry groups operating in the State.

This handbook is based in large measure on materials prepared by various State departments and agencies. Their assistance is greatly appreciated.

This is the eighth of nine volumes of the 2002 Legislative Handbook Series prepared by the staff of the Office of Policy Analysis, Department of Legislative Services before the 2003 General Assembly term. The material for this volume was researched and written by Brian Baugus, Jennifer Chasse, Tinna Damaso, Joshua Ferguson, William Honablew, Matthew Klein, Ann Marie Maloney, Margaret McHale, Shannon McMahan, Theresa Tuszynski, and Ryan Wilson under the general direction of Tami Burt and John Rixey. Nancy Scaggs prepared the manuscript and Christine A. Romans, John Favazza, Kristin Jones, Judith Markoya, and Robert Smith assisted with editing.

The Department of Legislative Services trusts that this volume will be of use to all persons interested in this aspect of the Maryland State Government. The department welcomes comments or suggestions to improve future editions.

Karl S. Aro  
Executive Director  
Department of Legislative Services  
Maryland General Assembly

Annapolis, Maryland  
November 2002



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# **Introduction**

## **The Economic Climate in Maryland**

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### **Overview**

The year 2001 marked the end of the longest economic expansion in U.S. history. The expansion, starting at the end of the last recession in March 1991 and continuing until March 2001, began slowly but quickly accelerated in 1996. From 1996 to 2000, the U.S. economy grew at an average annual rate of 4.1 percent as measured by real gross domestic product. Economic growth slowed, however, throughout 2000 and disappeared entirely by early 2001. The U.S. economy contracted through the first three quarters of 2001. U.S. employment peaked in March 2001 and bottomed out in April 2002, with a total job loss of 1.8 million, a 1.3 percent drop. From April to July 2002, U.S. employment growth amounted to less than one-tenth of 1 percent.

The National Bureau of Economic Research, the official arbiter of when recessions begin and end, has yet to mark the end of the current recession but most economists believe it ended in late 2001 or early 2002. The economy grew at an annual rate of 2.7 percent in the fourth quarter of 2001 and an even stronger 5.0 percent pace in the first quarter of 2002, although that was mostly due to a one-time swing in inventories. However, growth slowed considerably to a 1.1 percent pace in the second quarter of 2002.

The performance of the Maryland economy has mirrored that of the U.S. economy although the recession of the early 1990s was longer and deeper in Maryland because it was concentrated in sectors that were particularly important to the State's economy, such as government, defense-related industries, and financial institutions. As a consequence, during much of the 1990s the Maryland economy grew at a very weak rate (see Exhibit I.1). Robust expansion of the Maryland economy began in 1997. From 1997 to 2000, employment in Maryland grew at an average annual rate of 2.6 percent. Personal income increased at an average rate of around 6.1 percent during this time period, and wage and salary income grew 7.2 percent.

Economic growth in Maryland, especially employment growth, slowed sharply in 2001 (see Exhibit I.2). After adding close to 63,000 jobs in 2000, the Maryland economy only managed to add 20,000 jobs in 2001. Total employment peaked in September 2001 and by June 2002 had fallen 1.1 percent, a loss of 26,000 jobs. This contraction is nowhere near as severe as the recession of the early 1990s when employment fell, peak to trough, by 5.0 percent.

**Exhibit I.1**  
**Maryland Economic Growth, 1990 – 2000**  
**Average Annual Growth Rates**

	<u>1990-1993</u>	<u>1994-1996</u>	<u>1997-2000</u>
Employment	-1.1%	1.5%	2.6%
Personal Income	4.0%	4.1%	6.1%
Wage and Salary Income	2.6%	4.8%	7.2%

Source: Maryland Department of Labor, Licensing, and Regulation; Bureau of Economic Analysis, U.S. Department of Commerce

Personal income growth also slowed significantly from 7.0 percent in 2000 to 5.3 percent in 2001. Wage and salary income increased by almost 8.0 percent in 2000 but just under 6.0 percent in 2001. Furthermore, what strength there was in income growth in 2001 was all in the first part of the year. By the fourth quarter of 2001, personal income was growing at a 3.5 percent pace on a year-over-year basis. Data for 2002 is limited to the first quarter during which year-over-year growth slowed further. Total personal income grew 3.3 percent in the first quarter compared to the first quarter of 2001, while wage and salary income grew just 2.4 percent.

**Exhibit I.2**  
**Maryland Economic Growth, 2001 – 2002**  
**Year-over-year Growth Rates**

	<u>2001</u>	<u>1st Quarter 2002</u>	<u>2nd Quarter 2002</u>
Employment	0.8%	-0.5%	-0.6%
Personal Income	5.3%	3.3%	N/A.
Wage and Salary Income	5.9%	2.4%	N/A

Source: Maryland Department of Labor, Licensing, and Regulation; Bureau of Economic Analysis, U.S. Department of Commerce

## **Labor Force**

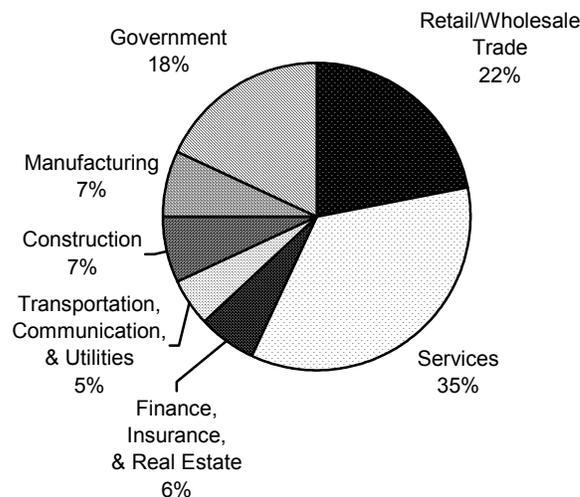
Over 145,000 businesses in Maryland employ approximately 2.4 million workers in various sectors of the economy (see Exhibit I.3). Nearly 35 percent of those jobs are in the service sector. Approximately one-fourth of service sector jobs are in business services and another fourth are in health services. The business service sector is dominated by personnel supply firms and computer and data processing services, both

accounting for about 30 percent of the category. Business services firms were a primary source of job growth in the late 1990s. From the beginning of 1997 to the end of 2000, the business services sector added almost 37,000 jobs, accounting for 16 percent of total job growth in that period. However, after peaking in April 2000, this sector began shedding jobs in significant numbers. By June 2002 the State had lost about 27,000 business service jobs, a decline of 12.4 percent, wiping out much of the job gains of the previous three years. The level of business services employment retrenched to where it was at the beginning of 1998.

The health services sector grew more slowly during the late 1990s economic boom, adding just under 10,000 jobs. But unlike business services, this sector has continued to grow during the recession. By the end of 2001, the State had over 5,000 more health services jobs than it did at the end of 2000. In the first six months of 2002, the health services sector grew by an additional 2,000 jobs.

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**Exhibit I.3**  
**Maryland Workforce by Industry Sector**  
**2001**



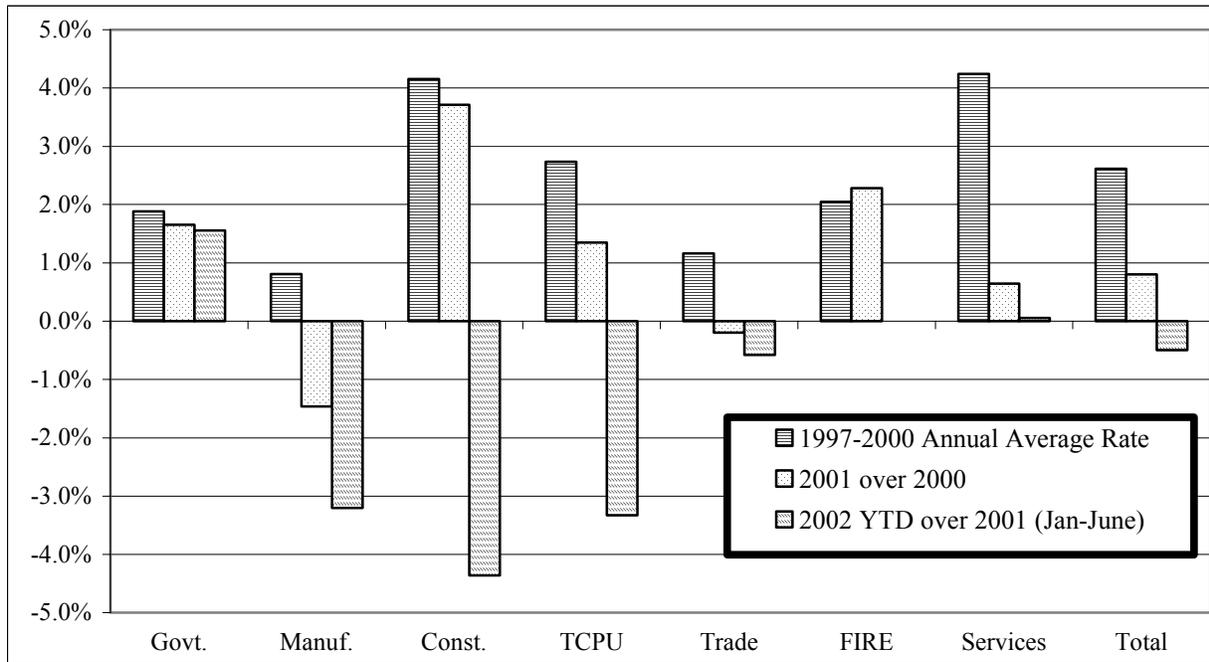
Source: Department of Labor, Licensing, and Regulation

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Approximately 22 percent of Maryland employees work in the trade sector. Of the nearly 545,000 workers in this sector, 80 percent are employed in retail trade establishments, such as clothing stores, restaurants, bars, grocery stores, and lumber yards. The remaining 20 percent are employed in wholesale trade. The trade sector grew just over 1 percent a year on average during the economic expansion of the late 1990s

(see Exhibit I.4). From 1997 to 2000, the State added almost 24,000 trade sector jobs. Since peaking in 2000, however, the sector has lost over 11,000 jobs.

**Exhibit I.4**  
**Maryland Nonagricultural Employment by Sector**  
**Growth Rates, 1997 – 2002**



Note: Transportation, Communications, and Public Utilities (TCPU); Finance, Insurance, and Real Estate (FIRE)

Source: Department of Labor, Licensing, and Regulation (based on nonseasonally adjusted data).

With the State's proximity to Washington, DC, government employment accounts for a larger percentage of total employment than it does in other states – approximately 18 percent. Many federal agencies have headquarters in Montgomery and Prince George's counties. State government offices and the U.S. Naval Academy are in Annapolis. In addition, the State hosts a number of military centers including Andrews Air Force Base in Prince George's County, Fort Meade in Anne Arundel County, and Patuxent Naval Air Station in St. Mary's County. The government sector grew around 2 percent per year on average during the late 1990s, with most of the growth in State and local government jobs. The sector has continued to add jobs during the recession, although State government job growth has slowed since the end of 2001.

Maryland's manufacturing employment base has been declining for years. In 2001 only a little more than 7 percent of the Maryland workforce held manufacturing jobs, down from 15 percent in 1978. The manufacturing sector grew modestly during the late 1990s with reasonably strong growth in durable manufacturing, offset somewhat by declining nondurable manufacturing employment. Manufacturing employment peaked during the recent expansion in August 2000 with 182,000 jobs. However, through the second quarter of 2002 this sector lost almost 11,000 jobs, a drop of 5.9 percent.

Construction employment, which traditionally ebbs and flows with the real estate market, accounts for about 7 percent of the Maryland labor market. The construction industry grew strongly in the late 1990s thanks to robust residential, commercial, and government markets. Construction employment grew an average of 4 percent a year adding 22,000 jobs from 1997 to the end of 2000. Although the residential market remains strong, weakness in the commercial market has resulted in job losses in the construction sector. After peaking in June 2001, the sector had lost over 10,000 jobs by the summer of 2002.

The finance, insurance, and real estate sector employs approximately 6 percent of the Maryland labor force. Approximately 45 percent of the category is in financial employment, 27 percent is in insurance, and 28 percent is in real estate. During the late 1990s, the overall sector grew modestly, averaging 2 percent annual growth from 1997 to 2000. Almost all of the growth was in the finance sector. About half of the jobs in the finance sector is in depository institutions, which cut jobs throughout the entire decade of the 1990s. So the growth in the finance sector has come instead from nondepository institutions (mostly mortgage bankers) and security and commodity brokers. These companies added jobs at an average annual rate of 9 percent from 1997 to 2000, an increase of almost 8,000 jobs. Growth remained strong in 2001 but slowed considerably through the first half of 2002.

Employment in transportation, communications, and public utilities constitutes just under 5 percent of the jobs in Maryland. Employment at utilities has been declining for years, but the transportation and communications sectors added a substantial number of jobs during the late 1990s. Both sectors grew a little more than 3 percent annually on average from 1997 to 2000, adding close to 10,000 jobs. Most of those jobs were in the transportation sector, which is more than twice as large as communications. In 2001 the transportation sector lost jobs while communications continued to grow. By the first half of 2002, both sectors were cutting jobs.

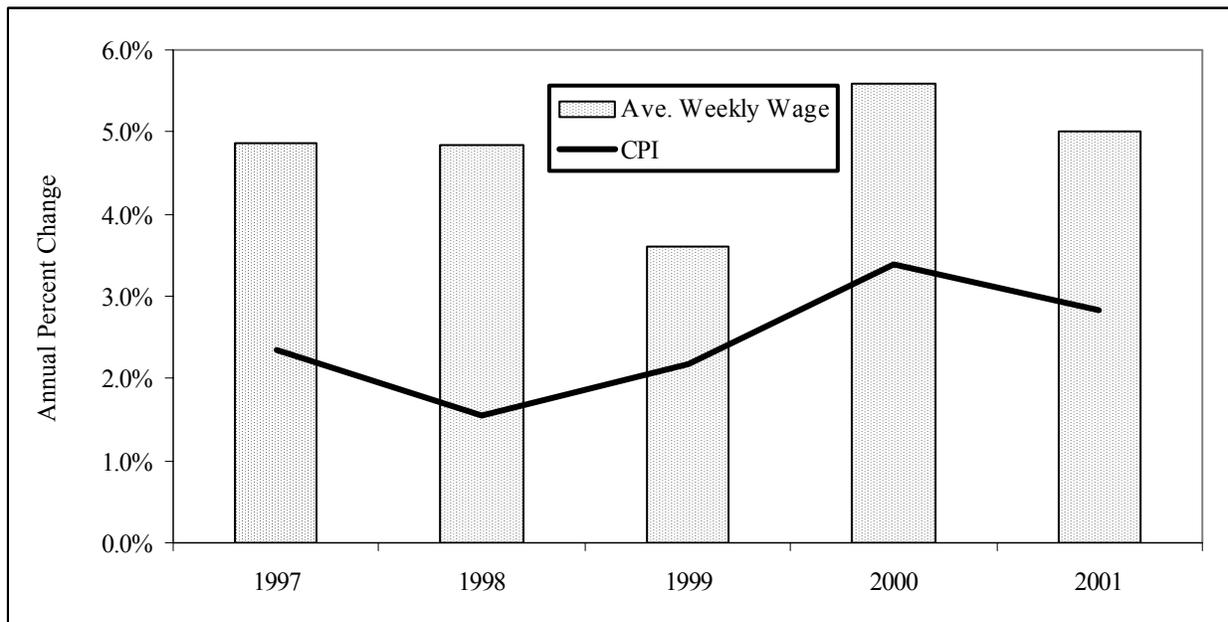
## **Earnings**

Total earnings in Maryland are higher than other states, commensurate with the well-educated, highly skilled workforce in the State. The State consistently ranks in the

top ten nationally in per capita personal income. Total wage and salary earnings grew an average of 7.2 percent during the late 1990s. With the onset of the recession in 2001, wage growth slowed to 5.9 percent. In the first quarter of 2002, growth slowed even further to 2.4 percent.

There are two factors behind earnings growth: more jobs and higher wages. Wage growth is measured by the average weekly wage per worker, which is simply the total wages divided by the total number of jobs divided by 52 weeks. Wage growth was very modest in the mid-1990s, averaging just 3.2 percent. In the late 1990s, wage growth increased to an average rate of 4.7 percent. Even with the recession, wage growth remained strong in 2001, advancing 5 percent. Year-over-year average wage growth in the first quarter of 2001 was almost 6 percent. By the fourth quarter of 2001, that growth had slowed to 3.5 percent. Average wage growth has exceeded inflation throughout this entire period (see Exhibit I.5).

**Exhibit I.5**  
**Growth in Wages vs. Inflation (CPI)**



Wages: Average weekly wage per worker in Maryland

CPI: U.S. Consumer Price Index

Source: Department of Labor, Licensing, and Regulation (wage data); Bureau of Labor Statistics, U.S. Department of Labor (CPI data)

## **Outlook**

The recession that started in March 2001 likely ended in late 2001 or early 2002, although the official determination from the National Bureau of Economic Research has yet to be made as of the publication of this handbook. Regardless of when the recession technically ended, it is clear that the U.S. economic recovery has been weak and uncertain. Although most economists believe the odds of the U.S. economy falling into another recession over the next several months are small, no trend has emerged to drive the expansion. In fact, the U.S. economy seems to be repeating the “jobless recovery” that occurred after the last recession in the early 1990s. With year-over-year job growth still negative and the financial markets and business and consumer confidence rocked by corporate accounting scandals, the short-term outlook for U.S. economic growth is sluggish at best. Beyond the near term, the U.S. economy is expected to pick up steam by 2003, growing by more than 3.0 percent in 2003 and 2004. But employment growth is likely to be sluggish, with the unemployment rate hovering around 6.0 percent throughout 2002 and 2003.

The Maryland economy is expected to follow the national pattern with growth remaining weak throughout 2002. Total employment is likely to fall slightly in 2002 with personal income growth of only 3 percent. If the forecasts hold true, 2002 will be the first year of employment decline since 1992 and the slowest year for personal income growth since 1993. The Maryland economy, like the national economy, is expected to improve in 2003. However, the very strong growth of the late 1990s is not likely to be repeated in the near future. Employment growth is expected to average close to 2.0 percent, with personal income growth around 5.0 percent and wage and salary income growth of 5.5 to 6.0 percent.



## **Section I. General Business Regulation**

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General business regulation sets the basic framework within which any business in Maryland must operate. Maryland's general regulations cover such issues as what type of legal structure businesses may adopt (e.g., corporation, partnership); tax liabilities faced by businesses; employment regulations (e.g., minimum wage guarantees, employment of minors, insurance requirements); occupational and environmental health and safety requirements; and consumer protection regulations. Section I summarizes these general regulations and also lists the State agencies that may be contacted to obtain additional information on particular regulations. Section II describes industry-specific regulations.

Section I contains four chapters, organized as follows:

Chapter 1: Describes the types of legal entities under which businesses may operate in Maryland; and explains the tax liabilities faced by businesses in Maryland and tax registration requirements.

Chapter 2: Explains Maryland's laws concerning employment, including wage payments, employment of minors, comparable worth, and required insurance coverage; and describes the Maryland Occupational Health and Safety Administration's role in regulating occupational safety and health in Maryland.

Chapter 3: Outlines Maryland's environmental protection regulations, including the State agencies responsible for their enforcement.

Chapter 4: Discusses Maryland's consumer protection laws and the State agencies responsible for their enforcement.



# Chapter 1. Basic Business Requirements

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Maryland has laws regulating the operation of all general forms of business entities. This chapter describes the types of business organizations and the general license, filing, and taxation registration requirements applicable to them. A discussion of the laws that pertain to specific industries in Maryland is provided in subsequent chapters.

## Forms of Business Organization

A business includes any private trade, employment, occupation, or profession conducted for profit or not for profit. The various legal forms of business organization in Maryland are as follows:

**Sole Proprietorship** A sole proprietorship is the simplest form of business organization, requiring no legal entry formalities except compliance with State and local licensing and taxation requirements.

**General Partnership** A general partnership does not need permission from the State to operate. A partnership is any association of two or more persons to carry on as co-owners a business for profit. A partnership exists if a contract to act as partners exists, even if it is not called a partnership. However, a written agreement is not necessary to form a general partnership.

**Limited Partnership** A limited partnership has one or more general partners and one or more limited partners. Limited partners are liable only for the amount which they invest in the limited partnership. All limited partnerships are required to file a certificate of limited partnership with the State Department of Assessments and Taxation.

**Limited Liability Partnership** A limited liability partnership may be formed by any existing legal partnership without dissolving or otherwise changing its form of organization. It generally protects a partner from personal liability for debts and obligations of the partnership arising from negligence, wrongful acts, or omissions of the limited liability partnership. To create one, a certificate of limited liability partnership that includes the name, address, and purpose of the limited liability partnership must be filed with the State Department of Assessments and Taxation.

Limited Liability Limited Partnership	A limited liability limited partnership is a sub-class of limited partnership that protects the assets of general partners from judgments against other general partners. A limited partnership may register as a limited liability limited partnership by including in its certificate of limited partnership the purpose of the limited liability partnership and by including in its name the words “limited liability limited partnership.”
Joint Venture	A joint venture is a business undertaking by two or more persons engaged in a single defined project. There are no formal registration requirements for joint ventures.
Corporation	Both domestic and foreign (out-of-state) corporations are subject to regulation by the State. A domestic corporation is organized and exists under the laws of this State. A foreign corporation is organized under the laws of the United States, the laws of another state, a territory, possession, or district of the United States, or a foreign country.  To form a corporation in Maryland, one or more adult individuals must sign and file articles of incorporation with the State Department of Assessments and Taxation and pay all relevant taxes and fees. Amendments to corporate charters also must be filed with the department. When the department accepts the articles of incorporation for record, the proposed corporation becomes a corporate body under the name and subject to the purposes, conditions, and provisions stated in the articles.  Before conducting business in Maryland, a foreign corporation must qualify or register to do business with the State Department of Assessments and Taxation.  Special types of corporations in Maryland include professional service corporations, nonstock corporations, private foundations, and cooperatives.
Limited Liability Company	A limited liability company is an unincorporated business organization with limited duration and limited liability for all members. Organized under Maryland law, it may conduct activities in any state related to any lawful business or activity, whether or not for profit, except the business of acting as an insurer. A limited liability company combines the tax advantages of partnerships with

the liability limits of corporations. To create a limited liability company, articles of organization must be executed and filed for record with the State Department of Assessments and Taxation.

Real Estate  
Investment Trust

A real estate investment trust is an unincorporated trust or association in which property is acquired, held, managed, administered, controlled, invested, or disposed of for the benefit and profit of any person who may become a shareholder in the real estate investment trust. To create a real estate investment trust, a declaration of trust must be filed for record with the State Department of Assessments and Taxation.

Business Trust

A statutory business trust is an unincorporated business, trust, or association created by a trust instrument under which: (1) property is or will be held, managed, administered, controlled, invested, reinvested, or operated by a trustee for the benefit of persons as are or may become entitled to a beneficial interest in the trust property; or (2) business or professional activities for profit are carried on or will be carried on by a trustee for the benefit of persons as are or may become entitled to a beneficial interest in the trust property. To create a statutory business trust, a certificate of trust must be filed with the State Department of Assessments and Taxation.

For further information contact:

State Department of Assessments and Taxation  
Corporate Charter Division  
301 West Preston Street, Room 809  
Baltimore, Maryland 21201  
(410) 767-1340  
Web Site: <http://www.dat.state.md.us/>

## **Business Licenses**

A business license is required for most businesses in Maryland, including retailers and wholesalers. A trader's license is required for a business that sells merchandise not manufactured by the business. Generally, licenses must be obtained annually. Foreign corporations wishing to conduct business in Maryland must first qualify or register with the State Department of Assessments and Taxation.

To determine whether a particular business activity requires licensing by the State and needs to have any additional licenses and permits, the clerk of the circuit court in the

county in which the business will be located may be contacted. In addition, the State of Maryland Business License Information System, an Internet-based system, helps business owners determine which State permits and licenses are required to operate their business.

For further information contact:

Maryland Business License Information System  
Web Site: <http://www.blis.state.md.us/client/Blis.jsp>

## **Trade Names**

Any person engaged in a mercantile, trading, or manufacturing business as an agent or doing business under a name other than its own must file a certificate with the State Department of Assessments and Taxation. The certificate must disclose the names and addresses of the owners of the business, the character and location of the business, and the name under which the business is conducted. A trade name must be distinguishable from all other names on file with the department. The fee for a trade name filing is \$11 plus \$1.00 for each owner.

## **Tax Registration**

Requirements for tax registration of businesses at the State, local, and federal level are described below.

### **State Tax Registration**

A single tax registration will meet the requirements for most State taxes, including sales and use, income, withholding, unemployment insurance, and admissions and amusement taxes. The one-stop registration also serves as an initial step for businesses requiring State alcoholic beverage and tobacco permits and registration with the Motor Vehicle Fuel Tax Division. *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series, further describes these taxes.

Central registration applications and instructions may be obtained from the clerk of the circuit court in each county or at any branch office of the State Comptroller.

For further information contact:

Taxpayer Registration Assistance Center  
301 West Preston Street, Room 206  
Baltimore, Maryland 21201-2383  
(410) 767-1313  
Toll Free: (800) 492-1751  
Web Site: <http://www.comp.state.md.us/>

## **Local Tax Registration**

Many local taxes are collected by the State; however, the property tax (both local and State) is collected by local governments. Businesses must contact the subdivision where the business is located for information on how to comply with local regulations. The local supervisor of the State Department of Assessments and Taxation also can provide assistance in this regard. Appendix 1 includes the addresses and phone numbers of the local assessment and taxation offices.

## **Federal Tax Registration**

A new business should contact the federal Internal Revenue Service to register for:

- an employer identification number;
- income tax – business and employee withholding;
- Social Security withholding;
- federal unemployment insurance; and
- other federal taxes.

The Internal Revenue Service also has guidebooks and other tax publications helpful in starting and operating a business. For further information contact either the nearest Internal Revenue Service office or:

Internal Revenue Service  
31 Hopkins Plaza  
Baltimore, Maryland 21201  
(410) 962-2590  
Toll Free: (800) 829-1040  
Web Site: <http://www.irs.ustreas.gov/>

## **Fees**

Fees paid to the State Department of Assessments and Taxation for operating in Maryland are described below.

### **Domestic Corporations**

Businesses incorporating as domestic (Maryland) corporations are required to pay the following fees:

*Incorporation fee:* \$20 for recording Articles of Incorporation.

*Organization and capitalization fee:* an initial fee based on the amount of declared capital stock. (Corporations without capital stock pay \$20.) Rates are as follows:

- \$20 for capital stock not over \$100,000;
- \$20 for capital stock over \$100,000 but not over \$1 million, plus \$1 for each \$5,000 or part thereof that exceeds \$100,000;
- \$200 for capital stock over \$1 million but not over \$2 million, plus \$10 for each \$100,000 or part thereof that exceeds \$1 million;
- \$300 for capital stock over \$2 million but not over \$5 million, plus \$15 for each \$500,000 or part thereof that exceeds \$2 million; and
- \$390 for capital stock over \$5 million plus \$20 for each additional \$1 million or part thereof that exceeds \$5 million.

*Personal property report filing fee:* \$100 for a stock corporation to file an annual personal property report.

*Other filing fees:* changes in articles, name changes, mergers, consolidations, and dissolutions of domestic corporations must be reported to the State Department of Assessments and Taxation along with the appropriate recording fee.

## **Foreign Corporations**

Businesses incorporated in another state (foreign corporations) and operating in Maryland are subject to the following requirements:

*Registration to conduct interstate or foreign business:* to transact interstate or foreign business in Maryland, a foreign corporation must register with the State Department of Assessments and Taxation. No filing fee is required for registration.

*Qualification to conduct intrastate business:* to transact intrastate business in Maryland, a foreign corporation must pay a \$50 fee to file papers with the State Department of Assessments and Taxation in connection with its qualification to do intrastate business.

*Name registration:* a foreign corporation may register its name with the State Department of Assessments and Taxation by paying a \$50 name registration fee and a \$50 annual renewal fee after the end of the calendar year.

*Personal property report filing:* a foreign stock corporation must pay a \$100 fee to file an annual report with the State Department of Assessments and Taxation.

*Other filings:* changes in articles, name changes, mergers, consolidations, and dissolutions of foreign corporations must be reported to the State Department of Assessments and Taxation along with the appropriate recording fee.

*Penalties:* \$200 fine for conducting intrastate, interstate, or foreign business in this State without qualifying or registering as a foreign corporation. Each officer and agent of a foreign corporation that does intrastate, interstate, or foreign business in this State without qualifying or registering, as required, is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000.

## **Limited Partnership and Limited Liability Company Fees – Maryland Entities**

A limited partnership, limited liability partnership, limited liability limited partnership, or limited liability company in Maryland is formed by filing the required certificate with the State Department of Assessments and Taxation. The filing fee is \$50.

## **Limited Partnership and Limited Liability Company Fees – Foreign Entities**

A foreign limited partnership, limited liability partnership, limited liability limited partnership, or limited liability company must register and pay a \$50 fee to conduct intrastate, interstate, or foreign business in Maryland.

## **Real Estate Investment Trusts**

A real estate investment trust is formed in Maryland by filing the required declaration of trust with the State Department of Assessments and Taxation. The fee schedule is similar to that for a domestic corporation and includes a \$20 fee for recording the declaration of trust and an additional organization and capitalization fee based on the amount of certificates of beneficial interest. A real estate investment trust also is required to submit an annual personal property report and pay a \$25 filing fee.

## **Business Trusts**

A business trust in Maryland is formed by filing the required certificate of trust with the State Department of Assessments and Taxation. The filing fee is \$50.

## **Personal Property Tax**

Any business that uses tangible personal property (furniture, fixtures, tools, machinery, equipment, etc.) in Maryland is subject to personal property tax and must file a personal property return listing that property by April 15 of each year. The State Department of Assessments and Taxation administers and enforces the property tax assessment and tax laws, while the appropriate county bills businesses and collects taxes based on the property assessment and location and the tax rate.

For further information contact either the local assessment office listed in Appendix 1 or:

State Department of Assessments and Taxation  
Personal Property Division  
301 West Preston Street  
Baltimore, Maryland 21201  
Corporations, Limited Liability Companies, Limited Liability  
Partnerships, Limited Partnerships, Business Trusts, and Real Estate  
Investment Trusts: (410) 767-1170  
Sole Proprietors and General Partnerships: (410) 767-4991  
Web Site: <http://www.dat.state.md.us/>

## **Regulation of Industries**

Industries (e.g., construction, manufacturing, wholesale and retail trade) and services are subject to general regulations (licenses and permits) as well as industry-specific regulations. For example, construction companies need to obtain local business licenses issued by clerks of the circuit courts. Permits are needed for construction projects that affect nontidal waterways, flood plains, or small ponds; involve refuse disposal, hazardous waste, or sewer sludge; or involve the removal of asbestos. In addition, occupational licenses are required for specialized professionals, such as electricians, surveyors, and landscape architects, who work on a construction project.

Section II of this volume provides a more detailed discussion of the licensing and other requirements that pertain to specific industries in Maryland.



## **Chapter 2. Employment and Occupational Safety and Health Regulations**

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Personal injuries and illnesses arising out of conditions of employment impose a substantial burden upon employers and employees in terms of lost production and wages, medical expenses, and disability compensation payments. Equally important, certain standards of employment must be encouraged in order to guarantee employees sufficient wages and guard against unfair, exploitative behavior by employers. The State of Maryland seeks to assure safe and healthy working conditions, and to preserve the integrity of their employment relationship. The regulatory agency that has primary responsibility to support and enforce employment regulations and occupational safety and health regulations is the Division of Labor and Industry in the Department of Labor, Licensing, and Regulation.

This chapter describes the State's employment regulations and occupational safety and health regulations as well as the regulatory functions of the agencies charged with enforcing them.

### **Employment Regulations**

The employer/employee relationship in Maryland is subject to federal and State regulation. The following discussion of State regulation generally addresses only those areas not affected by federal law. In the cases of interstate commerce or government contracts, federal requirements may supersede State regulations. However, under certain circumstances, the more stringent law will apply.

The Division of Labor and Industry, as well as the Division of Employment and Training, of the Department of Labor, Licensing, and Regulation enforce Maryland's employment regulations. The Division of Labor and Industry is charged with preventing accidents and incidents that result in fatalities and injuries; preventing work-related illnesses; protecting employee wages and rights; and assisting regulated industries and employers to comply with division laws and regulations. The Division of Employment and Training provides customer-focused employment and training services that include administering Maryland's unemployment insurance program and advancing job placement and job training efforts. Other State agencies that help enforce various employment regulations include the Human Relations Commission and the Workers' Compensation Commission.

## **Employment Standards**

Employers and employees are guaranteed certain protections by wage and employment laws and an assortment of other provisions. The Division of Labor and Industry's Employment Standards Service was created to administer these statutes.

### **Employment of Minors**

A minor under the age of 14 may not be employed or permitted to work. However, such minors may obtain a special permit to work as a model, performer, or entertainer. Special permits are issued by the Division of Labor and Industry.

Minors age 14 through 17 are issued work permits, and employers must have this permit in their possession before these minors are permitted to work. Applications for work permits are available in high schools throughout Maryland. The Division of Labor and Industry issued 84,364 work permits in 2000 and 71,226 work permits in 2001.

Minors are restricted in the kind of work performed and the number of hours worked. Certain activities are not considered employment, provided that the activity does not involve mining, manufacturing, or hazardous occupations, and takes place outside of the school day. Those activities include: farm work; domestic work; work performed in a business owned by a parent; work performed by unpaid volunteers; delivery of newspapers; and caddying on a golf course.

Restrictions under the child labor provisions of the federal Fair Labor Standards Act may be greater than State standards. Employers must comply with the higher standard.

For further information contact:

Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 606  
Baltimore, Maryland 21201  
(410) 767-2239  
Web Site: <http://www.dllr.state.md.us/labor/empm.html>

### **Equal Pay for Equal Work**

The Equal Pay for Equal Work Law prohibits employers from discriminating in any way by paying wages or salaries in any occupation to employees of one sex at a rate less than that paid to employees of the opposite sex for work of comparable character or work on the same operation or business. Wages may lawfully vary based on a nondiscriminatory seniority system, a nondiscriminatory merit system, jobs that require different abilities, jobs that require the regular performance of different duties, or work that is performed on different shifts.

### **Minimum Wage**

The Wage and Hour Law sets the minimum wage rate and requires payment for overtime. An employer may be covered by the federal Fair Labor Standards Act, the Maryland Wage and Hour Law, or both. Furthermore, employers in Baltimore City are covered by the city's Wage and Hour Law. If a federal or local law differs from the State law, the law that provides the most protection or sets the higher standard prevails.

The minimum wage paid to covered employees in Maryland is the wage required by the federal Fair Labor Standards Act. Currently, that wage is \$5.15 per hour. For all hours worked in excess of 40 hours in any one work week, employees receive time-and-one-half (1-1/2) the usual hourly pay rate unless the employee is exempt from overtime requirements.

Certain employees and establishments are exempt from both minimum wage and overtime provisions, including agricultural workers, salesmen on commission, and restaurant employees if the restaurant has an annual gross income of \$250,000 or less. Other employees are exempt from the overtime provisions but must be paid the minimum wage, including employees of recreational establishments, hotels, motels, and restaurants. Employees of bowling alleys and institutions (other than hospitals) primarily engaged in the care of the sick, aged, or mentally ill who reside on the premises are paid time-and-one-half after 48 hours.

For further information contact:

Employment Standards Service  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 N. Eutaw Street, Room 607  
Baltimore, Maryland 21202  
(410) 767-2357  
Web Site: <http://www.dllr.state.md.us/labor/emp.html>

### **Wage Payment and Collection**

The Wage Payment and Collection Law regulates the conditions and manner of payment by employers. Employers are required to:

- pay workers the wage promised;
- establish regular paydays;
- pay wages when due;
- pay employees by check, direct deposit, or in cash;
- pay employees at least once every two weeks or twice a month (administrative, executive, or professional employees may be paid less frequently);
- furnish employees with a statement of gross earnings and deductions each pay period;
- advise each employee, when hired, of the employee's rate of pay and designated payday; and
- pay an employee upon termination of employment all wages due on or before the next regular payday.

### **Equal Employment Opportunity**

Maryland seeks to assure that all persons have equal employment opportunity. In general, the State's Equal Employment Opportunity Law coincides with federal law. Article 49B of the Annotated Code of Maryland prohibits discrimination in employment on the basis of race, color, religion, sex, age, sexual orientation, genetic information, ancestry or national origin, marital status, or physical or mental handicap. Activities that may be considered discriminatory practices include:

- failure or refusal to hire or promote an individual;
- discharge of an individual;
- limitation, segregation, or classification of employees or applicants for employment; and
- discrimination against an individual in compensation or in the terms, conditions, and privileges of employment.

The Maryland Commission on Human Relations accepts complaints from persons who reasonably feel that they have been the subject of discrimination. In addition, the commission may initiate a complaint based on reliable information that a person or business is engaged in a discriminatory practice.

The Equal Employment Opportunity Law applies to employers with 15 or more employees. A covered employer is obligated to maintain employment policies, procedures, and practices that do not discriminate. In addition, covered employers are obligated to provide reasonable accommodation for physically or mentally handicapped individuals. Reasonable accommodation means making adaptations to the workplace or the job so that qualified persons can perform their duties. The commission looks at each accommodation to determine whether it is reasonable.

In cases of employment discrimination, the commission attempts to restore the complainant to the status he or she would have enjoyed had there been no form of discrimination. This may take the form of a job offer, lost wages, a promotion, or reinstatement.

For further information contact:

Maryland Commission on Human Relations  
Schaefer Towers  
6 St. Paul Street, Suite 900  
Baltimore, Maryland 21202  
(410) 767-8600  
Toll Free: (800) 637-6247  
Web Site: <http://www.mchr.state.md.us/>

## **Prevailing Wage**

The federal Davis-Bacon Act, enacted during the Great Depression, is the model for state prevailing wage laws throughout the country. Prevailing wage laws generally require that workers performing a specific job or task are paid an hourly wage that is the industry standard in a given geographic area. There are two primary purposes of the federal Act and state prevailing wage laws. First, the laws stabilize wages in an area by preventing employers from paying less than what is commonly paid to workers in a region. Second, the laws prevent contractors from undermining local employment by low-bidding on government contracts and/or importing workers at lower wages.

The Maryland Prevailing Wage Law extends to any public works contract in excess of \$500,000 when State public funds are used to finance at least 50 percent of the construction costs of a particular project.

A wage determination issued for a project specifies the wage and fringe benefit rate for each classification of worker determined to be prevailing in that locality for that type of construction. Wage determinations are issued for each locality in the State (23

counties and Baltimore City) and are in effect for one year from the date on which they become final.

The law also specifies that a regular day's work consists of ten hours. Overtime compensation must be given for any work performed in excess of ten hours in a single day, in excess of 40 hours per work week, on Sundays, and legal holidays.

For further information contact:

Prevailing Wage Unit  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 607  
Baltimore, Maryland 21202  
(410) 767-2324  
Web Site: <http://www.dllr.state.md.us/labor/prev.html>

## **Insurance Requirements**

Employees are also protected by two insurance requirements. Through an adjudicated process with the Workers' Compensation Commission, the Workers' Compensation Law provides compensation and medical benefits to covered employees injured on the job. Through the Office of Unemployment Insurance in the Department of Labor, Licensing, and Regulation, the Unemployment Insurance Law provides unemployed workers the means of getting through temporary periods of involuntary unemployment.

### **Workers' Compensation Insurance**

All employers in Maryland are required to provide workers' compensation coverage for their employees. The cost to the employer varies by industry, and there are approximately 600 industrial classifications. After determination of a base or "average" rate by industry classification, with the base rate set by an industry-wide rate making organization (National Council of Compensation Insurers), a qualifying employer's premium may be modified based on the firm's loss experience record when compared to the loss experience of similar firms in Maryland. The insurer also includes, as a portion of the premium, the insurer's overhead and other expenses.

Employers may obtain coverage for their employees in one of three ways:

- insure with the Injured Workers' Insurance Fund (formerly called the State Accident Fund) – a nonprofit self-supporting agency;

For information contact:

Injured Workers' Insurance Fund  
8722 Loch Raven Boulevard  
Towson, Maryland 21286-2235  
(410) 494-2000  
Toll Free: (800) 264-IWIF  
Web Site: <http://www.iwif.com/>

- insure with any company that is authorized by the State of Maryland to write this type of coverage; or
- become a “self-insurer” by applying to the Maryland Workers’ Compensation Commission.

In Maryland, an injury is covered under workers’ compensation if the harm suffered by the covered employee was by an accidental personal injury arising out of and in the course of covered employment. The commission processes and adjudicates claims. Benefits are paid to injured employees by the employer or the employer’s workers’ compensation insurer. For compensable injuries, workers’ compensation benefits include wage replacement and medical treatment.

For further information contact:

Workers’ Compensation Commission  
10 East Baltimore Street  
Baltimore, Maryland 21202-1641  
(410) 864-5100  
Toll Free: (800) 492-0479  
Web Site: <http://www.wcc.state.md.us>

### **Unemployment Insurance**

Unemployment insurance provides temporary, partial wage replacement benefits to persons who are unemployed through no fault of their own and who are willing to work, able to work, and actively seeking employment. Both the federal and state governments have responsibilities for unemployment compensation. The unemployment insurance program is administered pursuant to state law by state employees. Each state law prescribes the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

The unemployment insurance program is financed by the Federal Unemployment Insurance Administration through employer taxes. The federal tax is 6.2 percent of the first \$7,000 in wages paid to each employee. Employers receive credit of up to 5.4 percent for the taxes they pay under state unemployment compensation laws. The net tax (0.8 percent) collected by the federal government is used to finance state and federal administrative costs. Funds are distributed to states based on each states' claim load. The Maryland program is administered by the Office of Unemployment Insurance and funds are deposited into the Maryland Unemployment Insurance Trust Fund.

All private business employers and nonprofit organizations employing one or more persons, at any time, are subject to the Maryland Unemployment Insurance Law. Each employer is assigned a particular tax rate based on its experience with unemployment, in relation to the experience of other employers. Benefits are charged to an employer's account when wages earned from the employer are used to determine a claimant's entitlement to benefits. There are a variety of circumstances under which employers may be relieved of benefit charges. Within each of these broad categories there are certain exclusions related to churches, agricultural employment, students, and others. However, employers generally are required to make contributions to the fund based on taxable wages for the covered employment.

Employers may also be subject to a surtax in a particular calendar year when the fund balance as of September 30 in the previous year is inadequate as provided in statute. The surtax varies from 0.1 to 2 percent, with the amount depending on the degree to which the fund balance is underfunded. A surtax has not been imposed since 1996.

Benefits are based on the amount of money that the employee earned during the base period (the first four of the last five completed calendar quarters prior to the date the employee filed a claim). The current weekly benefit amount provided by the Maryland Unemployment Insurance Law ranges from \$25 to \$280. Under legislation enacted in 2002, the maximum benefit amount is increased to \$310 if no surtax is imposed during calendar 2003. The maximum duration that the weekly benefits may be paid is 26 weeks.

For further information contact:

Office of Unemployment Insurance  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 501  
Baltimore, Maryland 21202  
(410) 767-2444  
Toll Free: (800) 492-6804  
Web Site: <http://www.dllr.state.md.us/employment/unemployment.html>

## **Miscellaneous Employment Regulations**

Other employment regulations for the protection of employees relate to the taking of lie detector tests, the requesting of medical information, and the posting of employment notices.

### **Lie Detector Tests**

With certain exceptions at public safety correctional facilities, an employer may not require or demand any applicant for employment or any employee to take a polygraph, lie detector, or similar test or examination as a condition of employment or continued employment.

### **Medical Questions**

An employer may not require an applicant to answer any questions pertaining to any physical, psychological, or psychiatric condition that does not have a direct, material, and timely relationship to the applicant's capacity to properly perform the responsibilities of the job.

### **Employment Notices Required by State or Federal Law**

Employers in Maryland are required to post various notices about employment conditions and benefits for their employees. The sources of these notices are:

Wage and hour fact sheet (Minimum Wage):	Employment Standards Service Division of Labor and Industry Department of Labor, Licensing, and Regulation 1100 North Eutaw Street Baltimore, Maryland 21202 (410) 767-2357 Web Site: <a href="http://www.dllr.state.md.us/labor/emps.html">http://www.dllr.state.md.us/labor/emps.html</a>
Employment discrimination:	Maryland Commission on Human Relations Schaefer Towers, Suite 900 6 St. Paul Street Baltimore, Maryland 21202 (410) 767-8600 Toll Free: (800) 637-6247 Web Site: <a href="http://www.mop.md.gov/mchr/index.html">http://www.mop.md.gov/mchr/index.html</a>

Occupational safety and health:	Maryland Occupational Safety and Health Department of Labor, Licensing, and Regulation 1100 North Eutaw Street, Room 613 Baltimore, Maryland 21201 (410) 767-SAFE Web Site: <a href="http://www.dllr.state.md.us/labor/mosh.html">http://www.dllr.state.md.us/labor/mosh.html</a>
Worker's compensation:	Workers' Compensation Commission 10 East Baltimore Street Baltimore, Maryland 21202-1641 (410) 864-5100 Toll Free: (800) 492-0479 Web Site: <a href="http://www.charm.net/~wcc/">http://www.charm.net/~wcc/</a>
Unemployment insurance:	Office of Unemployment Insurance Department of Labor, Licensing, and Regulation 1100 North Eutaw Street, Room 501 Baltimore, Maryland 21202 (410) 767-2444 Toll Free: (800) 492-6804 Web Site: <a href="http://www.dllr.state.md.us/employment/unemployment.html">http://www.dllr.state.md.us/employment/unemployment.html</a>

## **Occupational Safety and Health Regulations**

The Division of Labor and Industry in the Department of Labor, Licensing, and Regulation regulates employer working conditions under its Occupational Safety and Health Program and safety conditions of amusement rides, elevators and escalators, and boiler and pressure vessels under its Safety Inspection Program.

### **Occupational Safety and Health**

Occupational safety and health in Maryland is regulated by the Maryland Occupational Safety and Health Administration in the division. This unit, established in 1971, sets legally enforceable regulations governing conditions, practices, and operations to assure safe and healthful workplaces. In general, the unit adopts the federal Occupational Safety and Health Administration standards. The unit is funded by both State and federal appropriations. In order to maintain federal approval, Maryland's program must be as effective as the federal program. Specific objectives of the unit include:

- encouraging employers and employees to reduce safety and health hazards in the workplace;
- developing new programs and revising existing programs to ensure a hazard-free working environment;
- developing and promulgating occupational safety and health standards that reflect current trends in technology;
- developing effective compliance and enforcement programs;
- training and educating personnel for effective and equitable administration of occupational safety and health standards;
- maintaining an effective consultation program to assist employers to voluntarily comply with occupational safety and health standards;
- conducting research in the field of occupational safety and health; and
- maintaining effective and timely reporting procedures with respect to occupational safety and health problems.

### **Compliance and Enforcement**

The Compliance Unit is responsible for ensuring that employers meet their duty under the Maryland Occupational Safety and Health Act to provide a safe and healthy workplace for employees. Enforcement activities include unannounced on-site inspections by trained safety inspectors that may result in the issuance of citations, the imposition of civil penalties, and the abatement of violations of State law and regulations. The first priority of the enforcement program is the investigation of fatalities, catastrophes, accidents, or imminent danger situations. Employee complaints, professional referrals, and target industry and general schedule inspections and follow-ups are included in the scheduling system. The scheduling of target industry and general schedule inspections, based on total employment, lost workday cases, injury rates, and violation and inspection histories, is designed to impact on those industries and workplaces with the highest proportion of hazards and violations.

Employers may also be required to maintain and post certain information, as well as file certain reports with the commissioner, including: (1) Log of Work-Related Injuries and Illnesses; (2) Summary of Work-Related Injuries and Illnesses; and (3) Injury and Illness Incident Report.

Private employers who violate the Act are subject to civil and criminal penalties. Generally, the penalty for a serious violation may not exceed \$7,000 for each violation, and if an employer does not correct the violation within the specified time period, \$7,000 for each day the violation continues. However, the penalty for a willful or repeated violation can be as much as \$70,000 for each violation. Moreover, the penalty for a

willful violation may not be less than \$5,000. If the willful violation caused an employee to die, the employer is subject to a fine of up to \$10,000 or imprisonment for up to six months, or both. For a second offense, the employer is subject to a fine of up to \$20,000 or imprisonment for up to one year, or both.

Consultation compliance, consisting of on-site consultative surveys and training, is based on the belief that informed employers will comply with standards. Employers may request a free-of-charge on-site consultation survey to determine whether they are in compliance. At the completion of the survey a written report as to the hazards observed and possible correction methods is sent to the employer. There are no citations or penalties associated with a consultation visit. However, employers are required to work with the consultant to correct the serious hazards found as the result of a consultation visit. Exhibit 2.1 sets forth Maryland Occupational Safety and Health Administration's activities for fiscal 2000 and 2001.

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**Exhibit 2.1**  
**Maryland Occupational Safety and Health Activities**  
**Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
Accident Inspections	154	122
Complaint Inspections (Employee)	303	256
General Schedule Safety Inspections	1,029	896
Follow-Up Inspections	15	17
Occupational Health Inspections	405	401
Notices of Violations Issued	5,471	5,360
Employees Affected by Inspections	150,204	161,580
First Reports of Injury Received (Lost Workdays)	16,000	*
Individuals Participating in Training Events	3,646	4,687

\* Data unavailable at the time of publication.

Source: *Division of Labor and Industry Annual Report 2000 and 2001*

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For further information contact:

Maryland Occupational Safety and Health Administration  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 613  
Baltimore, Maryland 21201  
(410) 767-SAFE  
Maryland Web Site: <http://www.dllr.state.md.us/labor/mosh.html>  
Federal Web Site: <http://www.osha.gov/>

## **Safety Inspections**

The Safety Inspection Program oversees the Amusement Ride Safety Law, the Elevator and Escalator Safety Law, and the Maryland Boiler Pressure and Safety Act.

### **Amusement Ride Safety**

The Commissioner of Labor and Industry administers and enforces the Amusement Ride Safety Law, which affects amusement rides and attractions erected permanently or temporarily at carnivals, fairs, and amusement parks.

Both a certificate of inspection issued by the commissioner and proof of insurance are required to operate amusement rides or attractions in Maryland. The insurance policy may be obtained from any insurer or surety acceptable to the Maryland Insurance Commissioner, and must provide coverage against liability that arises out of the use of an amusement attraction (at least \$350,000 for mechanical rides and a minimum of \$200,000 for nonmechanical rides).

Before any ride or attraction may be placed in operation, the owner or operator must notify the commissioner in writing that the ride or attraction is ready for inspection, and must supply information about the type of ride or attraction and the location and dates of operation. A current certificate of insurance must be on file with the commissioner.

A certificate of inspection issued by the commissioner for a ride or attraction in an amusement park is valid for not more than one year from the date issued. Certificates for rides and attractions at fairs and carnivals are valid only for 30 days. Each time a ride or attraction is dismantled and moved to a new location, it must be inspected and issued a new certificate.

The division inspected 6,482 amusement rides in 2000 and 3,825 rides in 2001.

For further information contact:

Amusement Ride Safety Inspection  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 300  
Baltimore, Maryland 21201  
(410) 767-2990  
Web Site: <http://www.dllr.state.md.us/labor/amus.html>

### **Elevator and Escalator Safety Inspections**

The Elevator and Escalator Safety Inspection Program is responsible for inspecting and certifying all elevators, dumbwaiters, escalators, and moving walks in Maryland. Inspections are conducted in accordance with the American Society of Mechanical Engineers Safety Code for Elevators and Escalators.

All elevators are inspected annually, with certificates of inspection issued by the program. No fees are charged for these inspections. Regulations require individuals operating these devices to register with the division. State law also provides specific size requirements to accommodate a 6'2" rescue litter and requires certain actions with regard to smoking.

The program performed 19,091 elevator inspections in 2000 and 18,663 inspections in 2001. Elevators removed from service totaled 949 in 2000 and 848 in 2001.

For further information contact:

Elevator and Escalator Safety Inspection Program  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 300  
Baltimore, Maryland 21201  
(410) 767-2348  
Web Site: <http://www.dllr.state.md.us/labor/elev.html>

### **Boiler and Pressure Vessel Safety**

The Boiler and Pressure Vessel Safety Inspection Unit inspects boilers and pressure vessels used in commercial establishments, places of public gathering, and apartment buildings with six or more units.

The Maryland Boiler Pressure and Safety Act establishes rules and regulations that conform to the Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers. All new and existing boilers must meet the requirements of the American Society of Mechanical Engineers code and have an inspection certificate issued by an authorized boiler inspector. Higher pressure boilers are required to be inspected yearly, while low pressure boilers and pressure vessels require inspection every two years. Each inspection involves not only a detailed examination of the existing condition of the pressure envelope and associated equipment, but also a thorough review of the practices employed in daily operation by the owner, along with a check of the operator's knowledge and ability. Businesses operating regulated pressure vessels may have a qualified inspection service or an employee commissioned as a special boiler inspector.

The unit conducted 15,906 boiler and pressure vessel inspections in 2000 and 17,923 inspections in 2001.

For further information contact:

Boiler and Pressure Vessel Safety Inspection Unit  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 300  
Baltimore, Maryland 21201  
(410) 767-2864  
Web Site: <http://www.dllr.state.md.us/labor/boil.html>



## Chapter 3. Environmental Protection, Health, and Safety

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The Maryland Department of the Environment's primary mission is to protect and restore the quality of Maryland's air, water, and land resources while fostering economic development, safe communities, and environmental education. The department works to achieve the State's environmental goals with enhanced customer service, regulatory flexibility, and permit streamlining. The department builds partnerships and works cooperatively to achieve environmental protection and economic development, while improving the quality of life for all Marylanders.

For further information contact:

Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3000  
Web Site: <http://www.mde.state.md.us/>

A brief description of the regulatory functions of this State agency along with a summary of air, water, and solid waste regulations are presented in this chapter. This chapter concludes with a description of the Environmental Permits Service Center and review of the department's enforcement and compliance role.

### **Air and Radiation Management**

The mission of the department's Air and Radiation Management Administration is to improve and maintain air quality and control sources of radiation to protect the health and welfare of the people and the environment of Maryland while providing for enhanced community service and economic development. The regulatory activities of the administration include:

- operating a statewide network of air quality monitors that continuously measure air quality;
- providing information to the public about the quality of the air and the nature and extent of both regional and local air pollution problems;
- assisting businesses to understand and meet requirements of State and federal air quality and radiological health laws and regulations;

- inspecting equipment having the potential to cause air pollution or to emit radiation and investigating and resolving complaints about air pollution and radiation;
- issuing permits and licenses required for medical, industrial, commercial, and institutional facilities to ensure that the public is not exposed to unnecessary levels of radiation and that air pollutants are controlled as necessary;
- reducing air pollution from motor vehicles by establishing and enforcing standards for motor vehicle fuels and emissions;
- training State asbestos workers, certifying and approving training courses for asbestos workers and supervisors, and providing technical support on industrial hygiene, indoor air quality, and asbestos management to State agencies, school systems, and county health departments; and
- developing coordinated plans, programs, and standards to prevent and reduce air pollution and controlled sources of radiation to protect public health while minimizing costs to the public and Maryland businesses.

The permits, approvals, licenses, and certifications issued by the administration are discussed below.

### **Air Quality General Permit**

An air quality general permit to construct increases the efficiency of the administration's permitting process through the issuance of generic permits to categories of businesses that are generally very similar in operation, equipment installation, and emissions characteristics. General permits with standardized permit conditions have been established for businesses with perchloroethylene dry cleaning equipment, charbroilers, pit barbecues, small fuel burning equipment, nonheatset sheet fed off-set lithographic printing presses, small stationary gasoline storage tanks, small printing presses, and groundwater air stripper/soil vapor extraction systems.

### **Air Quality Permit to Construct**

Requiring a business to secure an air quality permit to construct ensures that any new, modified, replaced, or relocated source of air pollution complies with all air quality requirements. Any operation or equipment that discharges emissions to the outside air needs an air quality permit to construct. Examples of these types of operations or equipment include: coating and painting operations; asphalt plants; incinerators; quarry

operations; paint spray booths; chemical-processing equipment; fuel-burning equipment; and printing presses.

### **New Source Review Approval**

A New Source Review approval is required prior to the construction of any new or modified major stationary source that will discharge significant amounts of volatile organic compounds or oxides of nitrogen. A New Source Review requires the use of low emitting technology and the securing of emission offsets.

### **Prevention of Significant Deterioration Approval**

To prevent significant deterioration of ambient air quality in areas where the State has achieved the National Ambient Air Quality Standards, the Prevention of Significant Deterioration approval seeks to limit the amount of air pollutants released by a new or modified facility proposing to locate in an area that meets the National Ambient Air Quality Standards.

### **State Permit to Operate**

Operators of certain air pollution sources – those that have the greatest potential to cause air pollution – such as incinerators, large boilers, and some types of manufacturing equipment, are required to obtain an annual operating permit. Such permits impose monitoring record keeping and reporting requirements on sources to ensure compliance.

### **Part 70 (Title V) Operating Permit**

Title V of the 1990 Clean Air Act introduced an operating permit program whose purpose is to combine, into a single document, all State and federal air quality requirements applicable to a company. Title V does not impose new substantive requirements above and beyond the State requirements. Approximately one-third of those sources required to have a State permit to operate are also required to have a Part 70 permit. In these cases, a single permit is issued.

### **Asbestos Contractor License**

Businesses, contractors, and others engaged in any activity involving the disturbance of friable asbestos must apply for an asbestos contractor license. Projects undertaken by regulated companies are routinely inspected to ensure compliance with federal, State, and local regulations that are protective of public health.

### **Asbestos Training Provider Approval**

The administration has developed approval procedures to ensure that the persons requiring asbestos training receive training that meets certain standards. Persons who want to become a Maryland-approved training provider must apply for approval. The administration has approved criteria for five initial training courses: worker, supervisor, inspector, management planner, and project designer.

### **Incinerator Operator Certification and Training Course Approval**

All incinerator operators are required to be properly trained and certified prior to the operation of any incinerator. Incinerator operators must receive certification from a training course provider approved by the administration.

### **Vehicle Emissions Inspection License and Certification**

The administration regulates vehicle emission inspection activities by: (1) issuing licenses to fleet owners to perform official inspections on their vehicle fleets; (2) certifying motor vehicle repair facilities that make emissions-related repairs; and (3) licensing technicians to perform emissions-related repairs. This license is required for technicians who work at fleet inspection stations or at certified emissions repair facilities. The administration also issues a license for fleet inspection stations so that owners of fleet vehicles may perform official emissions inspections on their fleets or, in the case of automobile dealers, inspect both their own fleets and/or those belonging to other automobile dealers.

### **Radiation/Radioactive Materials Registration and License**

The administration performs a variety of regulatory activities relating to radiation facilities and radioactive materials, including: (1) registering all facilities in which a radiation machine will be used and licensing all facilities that possess or use radioactive materials; (2) ensuring that all radiation machines in Maryland perform properly; and (3) licensing individuals to inspect x-ray machines.

### **Reciprocal Recognition of Out-of-state Radioactive Material License**

As a U.S. Nuclear Regulatory Commission agreement states, Maryland is obliged to recognize a radioactive material license issued by the commission or by other states

within the agreement to licensees with out-of-state facilities. The licensee must, however, meet procedural requirements for working in Maryland, obtain an authorization letter from the administration, pay a reciprocity fee, and notify the administration immediately before and after working in the State.

For further information contact:

Air and Radiation Management Administration  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3255  
Web Site: <http://www.mde.state.ms.us/>

## **Water Management**

The mission of the department's Water Management Administration is to restore and maintain the quality of the State's ground and surface waters and to plan for and supervise the development and conservation of the State's water. The administration manages a broad range of activities including:

- regulating and financing municipal wastewater treatment systems;
- regulating the use and development of the State's water resources, public water supplies, and on-site residential sanitation systems;
- regulating well-drilling and industrial pretreatment; providing technical assistance for water and wastewater utilities;
- financing small creek and estuary restoration;
- approving erosion/sediment control and storm water management plans;
- issuing permits for stormwaters and dams;
- protecting and managing tidal and nontidal wetlands and waters; and
- regulating mining activities and mitigation problems associated with abandoned mines.

The permits, licenses, and certifications issued by the administration are discussed below.

### **Surface Water Discharge Permit (Industrial)**

The industrial surface water discharge permit is a combined State and federal permit under the National Pollutant Discharge Elimination System. This permit is issued for industrial facilities that discharge to State surface waters and is designed to meet federal effluent guidelines when applicable and ensure that the discharge satisfies State water quality standards.

### **Industrial Wastewater/Stormwater General Discharge Permit**

The industrial wastewater/stormwater general discharge permit is a generic permit issued for categories of business activities that are generally very similar in their wastewater characteristics. General permits with standardized permit conditions have been established for: (1) stormwater associated with industrial activities; (2) surface coal mines; (3) mineral mines, quarries, borrow pits, ready-mix concrete, and asphalt plants; (4) seafood processors; (5) hydrostatic testing of tanks and pipes; (6) marinas; (7) concentrated animal feeding operations; and (8) commercial swimming pools.

### **Surface Water Discharge Permit (Municipal)**

The municipal surface water discharge permit is a combined State and federal permit under the National Pollutant Discharge Elimination System. This permit is issued for sewage treatment plants and some water treatment plants that discharge to State surface waters. A person who discharges wastewater to surface waters needs a surface water discharge permit. Applicants include municipalities, counties, schools, and commercial water and wastewater treatment plants, as well as treatment systems for private residences that discharge to surface waters.

### **Groundwater Discharge Permit (Municipal or Industrial)**

The groundwater discharge permit is issued to control the disposal of treated municipal or industrial wastewater into the State's groundwater via spray irrigation or other land-treatment applications.

### **Toxic Materials Permit**

A toxic materials permit is required for any homeowner, farmer, local government, or other person who wants to control aquatic life in ponds, ditches, or waterways by the deliberate use of toxic chemicals (e.g., mosquito control, algae removal).

## **Water and Sewerage Construction Permit**

A water and sewerage construction permit is required before installing, extending, or modifying community water supply and/or sewerage systems including treatment plants, pumping stations, and major water mains and sanitary sewers.

## **Water Appropriation and Use Permit**

A water appropriation and use permit is required for any activity that withdraws water from the State's surface and/or underground waters except as set forth below:

- fire extinguishing;
- agricultural use under 10,000 gallons per day;
- individual domestic use except withdrawals for heating and cooling;
- temporary dewatering during construction if the duration of the dewatering including intermittent nonpumping periods are expected to be less than 30 days, and the average water use does not exceed 10,000 gallons per day; or
- residential subdivisions of ten or fewer lots if water is obtained from individual wells located on each lot; for properties west of the fall line only, the average lot size is not less than one acre; and the subdivision is not located in a water management strategy area.

## **Drinking Water Sampler Certification**

A drinking water sampler certification is primarily required for laboratory personnel, municipal and private water system operators and superintendents, and county and State health department staff. Other individuals who request this certification collect samples for private companies that sample public drinking water systems; those involved in real estate transactions; and some pest control companies. This certification assures the reliability of the federal Safe Drinking Water Act compliance samples submitted to State-certified laboratories. Performing the required sampling and testing of public water systems is the primary means of evaluating the safety of the drinking water supply.

## **Waterworks and Waste System Operator Certification**

The Board of Waterworks and Waste Systems Operators in the administration seeks to ensure that the quality of water in which wastes are placed is regulated for the protection of public health and the prevention of pollution. A waterworks and waste system operator certification is required for operators and/or superintendents of water

treatment plants, water distribution systems, wastewater treatment plants, wastewater collection systems, certain pretreatment facilities that discharge to sanitary sewers, and industrial wastewater facilities.

For further information contact:

State Board of Waterworks and Waste Systems Operators  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3167  
Web Site: <http://www.mde.state.md.us/>

### **Well Driller License**

The Board of Well Drillers in the administration ensures that the groundwater used for drinking water supplies is not contaminated by improper well construction activities and that the public is protected from unqualified or incompetent well drillers. The board issues licenses to persons who drill water supply and geotechnical wells or install water pumps or water conditioning equipment. The practice of well drilling includes making, altering, repairing, or disconnecting well system equipment.

For further information contact:

State Board of Well Drillers  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3644  
Web Site: <http://www.mde.state.md.us/>

### **Tidal Wetland License and Permit**

The tidal wetland program is responsible for maintaining the reasonable use of tidal wetlands and furnishing essential resource protection. Through the issuance of a tidal wetland license or permit, the administration regulates the following activities that affect tidal wetlands:

- filling open water and vegetated wetlands;
- constructing piers, bulkheads, and revetments;
- dredging; and
- establishing marshes.

### **Nontidal Wetland and Waterway Permit (Nontidal Wetlands)**

The nontidal wetland and waterway program manages nontidal wetlands and protects essential water resources by authorizing only necessary and unavoidable impacts. Through the issuance of a nontidal wetland and waterway permit, the administration regulates the following activities to accomplish this goal:

- grading or filling;
- excavating or dredging;
- changing existing drainage patterns;
- disturbing the water level or water table; and
- destroying or removing vegetation.

### **Nontidal Wetland and Waterway Permit (Waterway and 100-year Flood Plain)**

A nontidal wetland and waterway permit is required for construction or repair of the following projects in a waterway or a 100-year flood plain:

- dams and reservoirs;
- bridges and culverts;
- excavation, filling, or construction;
- channelization;
- change in the course, current, or cross-section of any stream; and
- temporary construction (e.g., utility lines).

## **Erosion/Sediment Control Plan Approval and Stormwater Management Plan Approval**

Maryland's erosion and sediment control and stormwater management programs seek to reduce stream channel erosion, pollution, siltation, and local flooding caused by land use changes associated with urbanization.

Erosion and sediment control plan approval is required, before construction, to prevent siltation due to releases of sediment (soil) from active construction sites. Plan approval is required for any construction activity that disturbs 5,000 square feet or more of soil or results in the excavation of 100 cubic yards or more of soil.

Stormwater management plan approval is required to prevent stream bank erosion by controlling the rate of stormwater runoff from newly developed areas through the use of infiltration practices, shallow marshes, retention, and detention ponds. This approval is required for any new development project that disturbs 5,000 square feet or more of land. It can be obtained at the same time as the erosion and sediment control approval.

## **Responsible Person Training and Certification for Erosion and Sediment Control**

A "Responsible Person" certification ensures that field personnel are trained on techniques and standards that assist with field implementation of erosion and sediment controls.

## **General Permit for Construction Activity**

A general permit is required for all construction activity in Maryland with a planned total disturbance of five acres or more. Conditions of the permit include compliance with approved erosion and sediment control and stormwater management plans, self-monitoring, and record keeping.

## **Municipal Separate Storm Sewer Permit**

A municipal storm sewer permit is required for owners of municipal storm sewer systems serving large and medium municipalities. A large municipality has a population of 250,000 or more and a medium municipality has a population between 100,000 and 250,000. The following jurisdictions in Maryland are large municipalities: Anne Arundel, Baltimore, Montgomery, and Prince George's counties and Baltimore City.

Carroll, Charles, Frederick, Harford, and Howard counties are considered medium municipalities.

### **Environmental Sanitarian License**

The State Board of Environmental Sanitarians in the administration regulates professionals who routinely perform inspections and investigations related to enforcing Maryland's health and environmental laws and regulations. These sanitarians work in the areas of food and milk control, air quality, solid waste disposal, insect and rodent control, recreational sanitation, water supply and treatment wastewater management and disposal, noise control, institutional and residential sanitation, product safety, and vector control.

For further information contact:

State Board of Environmental Sanitarians  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3597  
Web Site: <http://www.mde.state.md.us/>

### **Coal Mining Permit**

A coal mining permit is required for surface coal mining, deep coal mining, prospecting, preparation plants, loading facilities, and refuse reclamation operations.

### **Coal Mining Operator License**

Maryland requires anyone responsible for a coal mining operation to obtain a mining operator license from the administration. The license ensures that coal mining operations meet the administration's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements.

### **Surface Coal Mining Blaster Certification**

The use of explosives on surface coal mining operations must be conducted under the direction of a certified blaster. Certification can be obtained through the administration's Mining Program. A blaster is the person who is directly responsible for

the use of explosives on surface coal mining operations. The blaster must be familiar with the blasting plan and site specific performance standards for the mining operations.

### **Surface Mining License**

Maryland requires anyone responsible for a surface mining operation to obtain a license from the administration. The license ensures that noncoal mining operations meet the administration's environmental standards, have proper credentials, have acceptable track records in Maryland and elsewhere, and meet financial accountability requirements.

### **Noncoal Mining Permit**

Mining of noncoal minerals (sand, gravel, clay, limestone, granite, shale, and dimension stone) is an essential activity that contributes to the economic well-being of the State. To minimize the effects of such mining on the environment, provide proper land reclamation, and ensure public safety, a permit is required to conduct surface mining.

### **Oil and Gas Exploration and Production**

Any person proposing to drill a well for oil or gas must first obtain a permit from the administration's Mining Program. The review process evaluates the technical adequacy of the project, ensures sufficient environmental controls are employed, and assures citizens that property and mineral interests are protected.

For further information contact:

Water Management Administration  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3567  
Web Site: <http://www.mde.state.md.us/>

### **Waste Management**

The mission of the department's Waste Management Administration is to protect and restore Maryland's land and water resources by reducing the quantity and toxicity of generated wastes through recycling and source reduction, ensuring the control and proper

disposal of waste, managing lead paint compliance activities, assuring that oil is handled in an environmentally safe manner, and assuring that contaminated sites are remediated for viable economic development. This is achieved by maintaining a highly visible presence in the regulated community, providing assistance to stakeholders, and developing long-term strategies for waste management needs. The regulatory activities of the administration include:

- permitting facilities and conducting compliance inspections at over 30,000 locations to ensure proper management of solid waste, hazardous waste, sewage sludge, petroleum products, medical waste, lead, and scrap tires;
- remediating leaking underground storage tank sites and enforcing laws pertaining to the proper installation and operation of underground storage tank facilities;
- implementing a “Superfund” program to assess suspected hazardous waste sites, including federal facilities, to eliminate environmental and public health threats through removal and remedial actions;
- administering a voluntary program to encourage the cleanup, reuse, and redevelopment of abandoned, contaminated industrial and commercial properties (referred to as “Brownfields”);
- facilitating planning and tracking of the generation and disposal of low-level radioactive waste, and encouraging regional management;
- enforcing Maryland’s lead paint abatement regulations, maintaining the childhood lead poisoning registry, tracking lead poisoning in Maryland, and accrediting lead service professionals;
- inspecting vehicles that carry hazardous materials to ensure the materials are properly and safely handled during transportation;
- directing local planning and integrated solid waste management strategies based upon waste minimization, recycling, incineration with energy recovery, and landfilling;
- assessing solid waste management needs, generation and disposal capacity, and recycling market opportunities in the State, and facilitating regional partnerships

for long-term management of solid waste through training and outreach activities with local governments;

- providing information to the regulated community on pollution prevention, and incorporating pollution prevention into permits and inspection activities; and
- providing a proactive outreach program that informs citizens about waste management activities and seeks public input concerning environmental issues.

The permits, licenses, and certifications issued by the administration are discussed below.

### **Refuse Disposal Permit**

Any person who installs, alters, or extends a refuse disposal system must obtain a refuse disposal permit. Refuse disposal systems that require this permit include municipal landfills; land clearing debris landfills; industrial landfills; rubble landfills; municipal and special medical wastes incinerators; waste transfer stations; and waste processing facilities.

### **Groundwater Discharge Permit for Rubble Landfills**

A groundwater discharge permit, along with a refuse disposal permit, includes limitations and requirements deemed necessary to protect public health and minimize groundwater pollution. A groundwater discharge permit for rubble landfills regulates the discharge of pollutants that may be generated as a result of rain water or groundwater passing through the rubble waste in an unlined disposal cell and seeping into groundwater beneath the landfill. Rubble waste consists primarily of waste resulting from construction and demolition activities and land-clearing debris. Because all rubble landfills constructed after July 1, 2001, are required to have liners and leachate collection systems, groundwater discharge permits are no longer required for new rubble landfills. However, existing unlined rubble landfills are required to maintain these permits until such time as the administration determines that a regulated discharge is no longer occurring.

### **Sewage Sludge Utilization Permit**

A sewage sludge utilization permit is required for any person who collects, incinerates, stores, treats, and applies to land; transports; or disposes of sewage sludge in Maryland.

### **Natural Wood Waste Recycling Facility Permit**

A natural wood waste recycling facility general permit assures the proper management and recycling of natural wood wastes such as tree limbs and stumps, brush, root mats, logs, leaves, and grass clippings that are generated when land is cleared for construction purposes. This permit is required for those persons who construct and operate natural wood waste recycling facilities.

### **Scrap Tire Management License and Approval**

Any person who transports, collects, processes, recycles, disposes, or incinerates tires, or utilizes scrap tires as fuel, must obtain the appropriate authorization. The necessary licenses or approvals are listed below:

- a Scrap Tire Hauler License for commercial businesses that transport more than five scrap tires annually in Maryland;
- a Scrap Tire Collection Facility License for facilities that collect or accumulate scrap tires temporarily and transfer the tires to other licensed or approved scrap tire facilities;
- a Scrap Tire Recycler License for facilities that recycle or process scrap tires into raw materials or marketable products;
- a Tire Derived Fuel or Substitute Fuel Facility Approval to utilize scrap tires (whole or chipped) as a fuel or supplemental fuel; and
- a Solid Waste Acceptance Facility Approval to provide for, by modification to a refuse disposal permit at permitted solid waste acceptance facilities, the acceptance, storage, use in a process, or transfer of scrap tires to other licensed approved tire facilities.

## **Oil Operations Permit**

Any person who stores more than 10,000 gallons of oil in an above-ground tank, transports oil, or operates an oil transfer facility must obtain an oil operations permit. Storage facilities at single family residences and oil storage at farms up to 11,000 gallons are exempt from this requirement.

An oil operations permit for treatment of oil contaminated soils is required for anyone who stores and treats oil contaminated soil. Typical treatment technologies include thermal desorption, physical/chemical stabilization, brick manufacturing, and a variety of biological treatments.

## **Oil Transfer License**

An oil transfer license is required for any person who transfers oil (all volumes) into Maryland. Funds received from the oil transfer license fee are used to fund the State's oil control and spill response activities and to reimburse underground storage tank owners or operators for costs incurred for the cleanup of contaminated sites.

## **Oil Control Program General Wastewater Discharge Permit**

A general permit for wastewater discharges from oil-related activities increases the efficiency of the administration's permitting process through the issuance of a generic permit to categories of business activities that are generally very similar in their wastewater characteristics. General permits with standardized permit conditions have been established for:

- stormwater and hydrostatic test water from oil terminals for terminals without pipeline or marine facilities and less than five million gallons total storage capacity; and
- remediated groundwater from petroleum contaminated groundwater sources.

## **Surface Water Discharge Permit for Oil Terminals**

A surface water discharge permit combines the requirements of the State discharge permit program and the national pollutant discharge elimination system permit into one permit for oil terminal facilities that discharge to State surface waters.

## **Groundwater Discharge Permit for Oil Terminals**

A groundwater discharge permit controls the disposal of treated industrial wastewater from oil terminals into the State's groundwater via infiltration/percolation or other land-treatment applications. This permit contains the limitations and requirements deemed necessary to protect public health and minimize groundwater pollution.

## **Underground Storage Tank Technician or Remover Certification**

To protect groundwater from leaks caused by improperly removed or installed underground storage tanks, any individual who removes, installs, upgrades, repairs, or retrofits an underground storage tank must be certified. Some plumbers may also be required to obtain this certificate.

## **Controlled Hazardous Substance Facility Permit**

A controlled hazardous substance facility permit is required for the construction and operation of a facility used to treat, store, or dispose of hazardous waste.

## **Hazardous Waste: Environmental Protection Agency Identification Number Assignment**

Generators, transporters, and facilities that treat, store, or dispose of hazardous waste are required to notify the U.S. Environmental Protection Agency and the administration of the intent to generate, transport, and/or manage hazardous waste. Upon notification to the administration, an Environmental Protection Agency identification number is assigned.

## **Controlled Hazardous Substances Hauler, Vehicle, and Driver Certification**

To ensure the safe transport of hazardous wastes within Maryland, the administration regulates the movement of controlled hazardous substances by certifying controlled hazardous substance haulers, vehicles, and drivers and by requiring manifests to track hazardous waste.

## **Special Medical Waste Hauler and Vehicle Certification**

To ensure the safe transport of medical wastes within Maryland, the administration regulates the movements of medical wastes by certifying haulers and vehicles.

## **Lead Paint Accreditation and Training**

The Lead Paint Accreditations Program oversees lead poisoning prevention activities and reduces the incidence of childhood lead poisoning. One of the program's activities includes the oversight of lead paint abatement work. This work includes any activity which eliminates or reduces lead paint hazards, including paint removal, replacement of components, encapsulation, repainting, or inspection.

Providers of training for persons involved in the abatement of lead paint – workers, supervisors, inspectors, and risk assessors – must employ instructors and conduct training courses that are accredited by the administration.

## **Voluntary Cleanup Program**

The Voluntary Cleanup Program streamlines and provides certainty in the processes for cleaning up eligible properties contaminated by hazardous waste. The program also provides liability limitations to certain responsible persons and future owners of eligible properties. The liability limitations provided to future owners are broader and are designed to encourage new investment in properties.

A companion program, the Brownfields Revitalization Incentive Program administered by the Maryland Department of Business and Economic Development, may provide financial incentives to certain sites in the Voluntary Cleanup Program or those that are contaminated by oil.

For further information contact:

Waste Management Administration  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3304  
Web Site: <http://www.mde.state.md.us/>

## **Environmental Permits Service Center**

Established in 1994, the Environmental Permits Service Center is a nonregulatory arm of the department designed to provide assistance to businesses. Its primary

responsibility is tracking permit applications and streamlining the department's review of permit applications. The services of the center include:

- providing multi-media pollution prevention information to State businesses and organizations through the department's Pollution Prevention Program. The program provides environmental case studies, pollution prevention information and workshops, fact sheets on the permitting process, as well as on-site technical assistance through the University of Maryland Technology Extension Service program;
- operating the Small Business Assistance Program that provides compliance and permitting assistance to small businesses. This includes management of the Small Business Loan Program which is designed for businesses that upgrade or replace air pollution control equipment;
- supporting the Small Business Ombudsman who acts as a small business community representative in environmental matters;
- answering questions in person or by phone concerning the environmental permitting process;
- operating an Internet-accessible database that tracks department permit applications; and
- coordinating services for customers who need multiple department permits.

For further information contact:

Environmental Permit Service Center  
Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
(410) 537-3772  
Web Site: <http://www.mde.state.md.us/>

## **Regulatory Compliance and Enforcement**

The department imposes penalties and takes enforcement actions that appropriately address and adequately punish any violations found. The department's coordinated enforcement and compliance effort seeks compliance with all legal requirements and encourages business practices that foster active pollution prevention.

Through the enforcement of the laws and regulations that govern the actions of the department's programs, each program individually and collectively contributes to the compliance process. In addition to State laws and regulations, federal rules and regulations also must be implemented. In many instances an individual company or industrial facility may fall under the jurisdiction of several environmental programs at the federal, State, or local level. However, most enforcement programs share common functions. For example, most programs have an inspection and evaluation component. If an inspection reveals a violation, many programs have a discretionary component that allows a company to fix a minor problem without the risk of a fine or civil or criminal action. More serious action is undertaken in the form of fines and shutdowns. In some cases, criminal sanctions may be initiated by the department if an inspection reveals a significant violation or if a minor problem indicates a pattern of noncompliance and develops into an ongoing significant violation.

The Technical and Regulatory Services Administration in the department and the Environmental Crimes Unit in the Attorney General's Office also provide compliance and enforcement assistance. The administration provides technical analysis, scientific support, and risk assessment guidance to all of the department's programs, including those responsible for enforcement and compliance activities. The crimes unit, which is part of the Criminal Investigation Division of the Attorney General's Office, investigates potential violations of Maryland's criminal environmental statutes and regulations. When appropriate, the unit files criminal charges to prosecute offenders.

The department is required by statute to report compliance activity data about its enforcement activity at facilities that are subject to regulation. Exhibits 3.1 and 3.2 provide summaries of the department's various fiscal 2001 compliance performance measurements required under statute and the fines collected pursuant to Section 1-301(d) of the Environment Article.

**Exhibit 3.1**  
**Maryland Department of the Environment**  
**Fiscal 2001 Compliance Activity Performance Measurements**

Permitted Sites and Facilities	
Number of Permits/Licenses Issued	9,573
Number of Permits/Licenses in Effect	62,679
Inspections	
Number of Sites Inspected	39,050
Number of Inspections, Audits, Spot Checks	103,782
Enforcement Actions	
Number of Compliance Assistance Rendered	15,032
Number of Enforcement Actions Taken	1,542
Penalties	
Amount of Penalties Obtained	\$ 1,334,449

Source: Maryland Department of the Environment, *Fifth Annual Enforcement and Compliance Report*

**Exhibit 3.2**  
**Fiscal 2001 Fines Collected\***

Clean Air Fund	\$ 343,695
Clean Water Fund	674,159
Hazardous Substance Control Fund	43,778
Nontidal Wetland Compensation Fund	0
Oil Disaster Containment Clean Up and Contingency Fund	134,961
Recoveries under the Environment Article under Section 7-221	27,612
Sewage Sludge Utilization Fund	<u>2,220</u>
<b>Total</b>	<b>\$ 1,226,425</b>

\*Only includes those funds required to be reported by the Environment Article under Section 1-301(d).

Source: Maryland Department of the Environment, *Fifth Annual Enforcement and Compliance Report*

For further information contact:

Maryland Department of the Environment  
Montgomery Park Business Center  
1800 Washington Boulevard  
Baltimore, Maryland 21230  
Technical and Regulatory Services Administration: (410) 537-3572  
Environmental Crimes Unit: (410) 537-3025  
Web Site: <http://www.mde.state.md.us/>

## **Chapter 4. Consumer Protection**

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Maryland consumer protection laws establish standards and rights to promote a competitive, free, and honest marketplace. Specifically, the Maryland Consumer Protection Act was enacted to ensure that consumers are not deceived, or provided with false or misleading information, when purchasing or using consumer goods, services, credit, or real estate. The Act sets certain minimum standards for the protection of consumers across the State. This chapter describes some of the laws concerning consumer protection, the regulatory agency with the primary responsibility for enforcing them, and the penalties that may apply to violators of these laws.

### **Regulatory Authority**

Consumer protection laws in Maryland are enforced generally by the Consumer Protection Division of the Office of the Attorney General. Other agencies also have some responsibility for enforcing certain consumer protection laws. The Division of Financial Regulation, under the direction of the Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation, for example, has a role in enforcing the consumer credit laws and consumer motor vehicle leasing contracts laws, and the Secretary of State regulates charitable fund-raising entities.

The Consumer Protection Division, created in 1967, enforces the State consumer protection laws against those who commit unfair and deceptive trade practices. An unfair or deceptive trade practice includes: (1) making false or misleading oral or written statements that misrepresent the quality, sponsorship, or nature of any consumer goods, realty, or services; (2) failing to state a material fact if the failure deceives or tends to deceive; and (3) advertising or offering goods in a manner that does not conform with actual intent or form of sale.

The division operates through the following units: the Home Builder Registration Unit, the Health Club Registration Unit, the Health Education and Advocacy Unit, the Enforcement Unit, the Education Unit, the Mediation Unit, and the Arbitration Unit. The Home Builder Registration Unit registers home builders and ensures compliance with the Maryland Home Builder Registration Act and other builder-related laws. The Home Builder Registration Unit is described in Chapter 14 of this handbook. The Health Club Registration Unit registers health clubs and ensures that they are properly bonded. The Health Education and Advocacy Unit assists health care consumers in understanding their health care bills, assists patients with health equipment warranty issues, mediates patient disputes with health care providers, and assists patients in filing grievances under their

health insurance providers' internal grievance processes. The Enforcement Unit investigates unfair or deceptive trade practices. The Education Unit prepares publications and designs other activities to inform the public of their rights and responsibilities as consumers. The Mediation Unit resolves disputes between consumers and businesses through mediation. The Arbitration Unit renders binding decisions on disputes that cannot be resolved through mediation, provided both parties agree to submit the dispute to arbitration. Neither party is charged for this service.

The division's responsibilities include:

- mediating complaints through a unit comprised of professional supervisors and trained volunteers;
- providing a unique voluntary binding arbitration program;
- seeking restitution for consumers, civil penalties, and costs through administrative hearings and court proceedings;
- making policy recommendations to the Governor and the General Assembly;
- assisting, developing, and conducting programs of consumer education and information through publications and other materials prepared for the public;
- undertaking activities to encourage business and industry to maintain high standards of honesty, fair business practices, and public responsibility in the promotion and sale of consumer goods and services;
- protecting the public from fraudulent schemes and promotions;
- reporting to other law enforcement authorities information about violation of the laws affecting consumers;
- enforcing registration requirements for home builders operating in the State;
- enforcing registration and bonding requirements for health clubs operating in the State; and
- promoting the interests of consumers of health care goods and products by mediating consumer complaints and assisting consumers in filing grievances with their insurance providers' internal grievance processes.

Further, a Consumer Council, founded in 1974, advises the division, undertakes studies and reports, and fosters cooperation among federal, State and local agencies, and private groups.

The Consumer Protection Division's activities are summarized in Exhibit 4.1.

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**Exhibit 4.1**  
**Consumer Protection Division Activities**  
**Fiscal 2002**

Number of Inquiries	85,665
Number of Complaints Received	14,294
Number of Arbitrations	138
Number of Cease and Desist Hearings	32
Amount of Recoveries for Consumers	\$12,333,615

Source: Consumer Protection Division

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For further information contact:

Consumer Protection Division  
Office of the Attorney General  
200 St. Paul Place, 17th Floor  
Baltimore, Maryland 21202  
Administrative Office: (410) 576-6550  
Consumer Complaints: (410) 528-8662  
Home Builder Registration: (410) 576-6573  
Health Complaints: (410) 528-1840  
Toll-free hot line: (877) 261-8807  
Web Site: <http://www.oag.state.md.us/consumer/index.htm>

Division of Financial Regulation  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Room 402  
Baltimore, Maryland 21202  
Administrative Office: (410) 230-6100  
Web Site: <http://www.dllr.state.md.us/finance/>

## **Health Education and Advocacy**

Health insurers must notify their insureds that the Health Education and Advocacy Unit is available to assist if a consumer wishes to appeal a denial of coverage. Patients appealing an insurer's decision may obtain assistance by calling the unit's toll-free hotline (listed above). The unit conducts several outreach programs to patient and

provider organizations to increase public awareness of patient and provider rights and of the resources provided by the unit. When necessary, the unit will file a formal written grievance with a health insurer on behalf of a patient. If the insurer continues to deny a claim at the conclusion of the grievance process, and the patient or health care provider wishes to pursue the matter further, the unit transfers the case file to the Maryland Insurance Administration.

## **Consumer Protection Laws**

Consumers are provided with certain protections from fraudulent or deceptive practices by businesses under Maryland's consumer protection laws. Many of these laws are discussed below, although the list is not all-inclusive. Consumer protection laws are set forth in the Commercial Law, Real Property, and Transportation Articles of the Annotated Code of Maryland.

### **Advertising**

A merchant may not advertise items at a low price with little or no intention of selling the advertised items and then try to sell similar, yet more profitable, items. There must be enough items on hand at the store to meet a "reasonably expected public demand." In addition, phony going-out-of-business sales are prohibited and distress sales may be held only for a 60-day period. Making a statement in an advertisement that a person knows or should know is untrue, deceptive, or misleading (false advertising) is a misdemeanor.

### **Aftermarket Crash Parts**

Before beginning repair work, an auto body shop must provide the vehicle owner with a list of replacement crash parts that the shop intends to use in making repairs. Auto body shops must disclose to owners whether the parts are genuine (original manufacturer) crash parts or aftermarket crash parts.

### **Automotive Repair Facilities**

Before beginning any repair work for which a customer will be charged more than \$50, automotive repair facilities are required by the Automotive Repair Facilities Act to give the customer on request a written statement that contains the estimated price for labor and parts, the estimated surcharge, if any, and the estimated completion date.

Without the customer's consent, an automotive repair facility may not charge an amount that exceeds the written estimate by 10 percent. The facility also must prepare an invoice that describes all work completed, including all warranty work, and all parts supplied.

### **Automotive Warranties**

The Automotive Warranty Enforcement Act, commonly known as the Lemon Law, provides for the enforcement of manufacturer's warranties on new motor vehicles. The Lemon Law applies to the sale of all new cars, small trucks, multipurpose vehicles, and motorcycles registered in Maryland regardless of where they were purchased (or leased). The warranty period is 15 months after the motor vehicle was originally delivered to the consumer or 15,000 miles, whichever comes first.

Under the law, consumers inform the manufacturer or factory branch of any defect or condition that does not conform with all applicable warranties. The manufacturer or factory branch, its agent, or its authorized dealer then must make the necessary repairs. If the manufacturer, factory branch, agent, or dealer is unable to repair the consumer's motor vehicle after a reasonable number of attempts, the manufacturer or factory branch is required to either:

- replace the motor vehicle with another that is acceptable to the consumer; or
- accept return of the motor vehicle and refund the full purchase price, less a reasonable allowance for the use of the motor vehicle.

The law presumes that a reasonable number of attempts have been undertaken if: (1) the manufacturer has made four or more unsuccessful attempts to repair the defect; (2) the manufacturer has failed to resolve a problem with the braking or steering systems after one repair attempt; or (3) the motor vehicle is out of service for one or more problems for a cumulative total of 30 or more days. A manufacturer or factory branch is not required to replace the motor vehicle or offer a refund if the defect:

- does not substantially impair the use and market value of the motor vehicle; or
- is the result of abuse, neglect, or unauthorized modifications or alterations of the motor vehicle.

### **Condominium Sales**

Under the Maryland Condominium Act, a condominium developer must disclose all material facts about the property and file a public offering statement with the

Secretary of State. The statement must include detailed information regarding the sales contract, cancellation terms, required down payment, and the percentage of ownership each buyer may obtain. The Act also establishes minimum procedural standards for the operation of the condominium's council of unit owners. The Secretary of State works in cooperation with the Consumer Protection Division to enforce the laws that affect consumers under the Act.

### **Consumer Debt Collection**

Under the Maryland Consumer Debt Collection Act, a person collecting a debt arising out of a consumer transaction must adhere to rules established by the federal and State consumer debt collection laws. Among other things, a debt collector may not:

- use abusive or obscene language, use or threaten violence, or send a consumer letters that are designed to be mistaken for legal documents;
- hurt a consumer's credit reputation by spreading false information about the consumer; or
- contact a consumer's employer or make a claim against a consumer's wages until obtaining a court order against the consumer.

Debt collectors are allowed to write a letter to a consumer demanding payment, telephone a consumer at a reasonable hour of the day or night, or visit a consumer at home at a reasonable hour to demand payment. Debt collectors who violate the laws pertaining to debt collection are liable for damages caused to the consumer, including damages for emotional distress or mental anguish suffered with or without accompanying physical injury.

### **Credit Cards and Payment by Check**

As a condition of accepting a credit card as payment for consumer goods, services, credit, or realty, a person may not record the address or telephone number of the credit card holder. There are few exceptions to this prohibition, including if the information is necessary for delivery. A person who accepts a credit card for payment may request the credit card holder to display a form of identification.

If a credit card is issued without a person's prior request (excluding renewal or replacement of an existing card originally applied for or accepted by the cardholder), the card is not considered accepted until the person signifies acceptance of the card in writing or uses it to obtain credit. Until then, the issuer of the unrequested card assumes the risk

of its loss, theft, or unauthorized use and is barred from any recovery against the person to whom the card is issued for any damages that result from its loss, theft, or unauthorized use.

A person who accepts a credit card or other payment device number for the transaction of business may not print on a receipt provided to the credit card or payment device holder more than eight digits of the credit card or other payment device number. The prohibition applies only to receipts that are electronically printed in connection with the purchase of consumer goods or services. The prohibition does not apply to receipts where the sole means of recording the credit card or payment device number is by handwriting, imprinting, or copying the credit card or payment device. The prohibition applies to receipts from machines that are first put into use on or after October 1, 2002. Receipts from machines in use before that date must comply by January 1, 2006. Violators may be subject to civil penalties.

As a condition of accepting a check as payment for consumer goods, services, credit, or realty, a person may not request or record the account number of any credit card of the drawer of the check. However, the person may request to see a credit card as identification or as evidence of creditworthiness and may record the card's type and issuing institution.

### **Credit Denial and Consumer Reporting Agencies**

State and federal equal credit opportunity laws prohibit discrimination by a creditor on the basis of race, sex, marital status, national origin, religion, age, or receipt of public assistance.

Among other things, merchants are prohibited from:

- denying credit to a married couple by refusing to consider the incomes of both spouses if they apply for a joint account;
- refusing to consider alimony and child support payments if the amount and regularity of the payments can be verified;
- refusing to recognize the legal name of any married person; and
- asking a woman who applies for credit whether she plans to have children.

A consumer reporting agency may furnish a consumer report only:

- in response to a court order;

- in accordance with written instructions of the consumer to whom it relates; or
- to a person who the agency has reason to believe intends to use the information in connection with a credit transaction or for employment, insurance underwriting, or licensing purposes, or otherwise has a legitimate business need for the information.

If a consumer is denied credit because of information contained in a consumer report, the user of the report is required by law to give the consumer the name and address of the consumer reporting agency that provided the information.

A complaint for a violation of the Consumer Credit Reporting Law should be filed with the Commissioner of Financial Regulation of the Department of Labor, Licensing, and Regulation. The commissioner has the authority to hold hearings, issue orders for compliance with the law, and impose civil penalties on violators.

For further information regarding consumer reporting agencies, see Chapter 7 of this volume of the Legislation Handbook Series.

### **Credit Services Businesses**

A credit services business is a person who, with respect to the extension of credit by others, provides or represents that the person can or will provide, in exchange for payment any of the following services: (1) improving a consumer's credit record, history, or rating or establishing a new credit file or record; (2) obtaining an extension of credit for a consumer; or (3) providing advice or assistance to a consumer about improving the consumer's credit record, history, or rating; establishing a new credit file or record; or obtaining an extension of credit.

Under the Maryland Credit Services Businesses Act, a credit services business must obtain a license from the Commissioner of Financial Regulation. A credit services business, its employees, and its independent contractors may not:

- receive payment solely for referring a consumer to a credit grantor who will or may extend credit to the consumer if the credit is extended on substantially the same terms as those available to the general public;
- make, or assist or advise a consumer to make, false or misleading statements in connection with a credit application;
- make or use false or misleading representations in offering or selling the services of the credit services business;

- engage in an act, practice, or course of business that operates as a fraud or deception in connection with offering or selling its services;
- accept payment before rendering full and complete performance of the contracted services;
- create or assist a consumer in creating a new consumer credit report, credit file, or credit record by obtaining and using a different name, address, telephone number, Social Security number, or employer tax identification number; or
- assist a consumer in obtaining an extension of credit at an interest rate which, except for federal preemption, would be prohibited under the State's consumer credit provisions.

A complaint for a violation of the Credit Services Businesses Law should be filed with the Commissioner of Financial Regulation. The commissioner has the authority to hold hearings, issue orders for compliance with the law, and impose civil penalties on violators. The Consumer Protection Division also has authority to enforce the Credit Services Businesses Law.

For further information regarding credit services businesses, see Chapter 7 of this volume of the Legislative Handbook Series.

### **Door-to-door Sales**

Under the Maryland Door-to-Door Sales Act, a seller must provide a consumer purchasing consumer goods or services costing \$25 or more through door-to-door sales with:

- a copy of the prospective contract with all relevant data including the name and the address of the seller; and
- a written and oral notice of the consumer's right to cancel the transaction.

If a consumer cancels a sale within three business days, the seller must refund all payments made by the consumer within ten business days after receiving notice of cancellation. Sellers who violate the laws pertaining to door-to-door sales are liable for damages caused to the consumer, as well as criminal penalties.

### **Door-to-door Solicitations**

Under the Maryland Door-to-Door Solicitations Act, a person making a door-to-door solicitation may not accept or receive, at the time the solicitation is made, \$200 or

more in money, check, or other consideration. A solicitation includes a request for money or other valuable consideration or for a pledge or subsequent contribution that promotes the programs or goals of the organization on whose behalf the solicitation is made.

The solicitor is required to provide the consumer with a pledge form and inform the consumer that a pledge to contribute is not an enforceable contract and the consumer may rescind a pledge at any time. The solicitor also must inform the consumer of the consumer's right to request a refund of a contribution within 30 days after it is made.

### **Electrical Products**

A person may not sell or distribute an electrical consumer product unless it is labeled, marked, or stamped with a symbol indicating its certification for safety by a testing laboratory certified by the State Fire Marshal.

### **Electronic Mail and Facsimile Transmission**

A person may not initiate, conspire with another person to initiate, or assist in the transmission of a commercial electronic mail message that: (1) misrepresents or obscures any information relating to the point of origin or transmission path of the message; or (2) contains false or misleading information in the subject line.

A person may not make an unsolicited facsimile transmission for the purpose of encouraging another person to purchase goods, realty, or services.

### **Fine Prints**

A fine print is a printed image that has been taken off a plate by printing, stamping, casting, or any other process commonly used in graphic arts. A person may not publish or distribute a catalog, prospectus, or circular that offers for sale a fine print unless certain information is disclosed, including:

- the year the print was printed and the name of the artist;
- whether the print is a part of a limited edition and the authorized number of prints in the edition;
- whether the plate has been altered after the current edition; and
- the name of the workshop where the edition was printed.

Violators of the fine prints law are liable to the purchaser for the purchase price of the print plus interest from the date of payment of the purchase price.

### **Gold and Silver**

A person may not sell an item of merchandise made in whole or in part of gold or a gold alloy or silver or a silver alloy if the item is stamped, tagged, or packaged in a manner which incorrectly indicates its actual degree of fineness, except within certain limits.

### **Health Club Services**

A person who sells health club services must register with the Consumer Protection Division and purchase a surety bond for the purpose of reimbursing members who sustain any loss or damage in the event that the health club closes or files for bankruptcy.

A buyer has three business days to cancel a signed agreement in order to receive a full refund. A health club services agreement may not contain an automatic renewal clause, unless the agreement provides for a renewal option for continued membership that is accepted by the buyer.

### **Hearing Aid Sales**

A purchaser of a hearing aid may cancel the purchase for any reason within 30 days of the date of delivery for a full refund, less an amount for services of up to 20 percent of the purchase price. The contract must state the purchaser's cancellation rights.

### **Home Appliance Repairs**

A repair company must furnish a written bill for the cost of repairing a home appliance with a retail cost that exceeds \$100. The bill must include the hourly labor rate, the actual repair time, the itemized cost of any new, used, or reconditioned parts used in the repair, and a statement that used or reconditioned parts were used. This requirement does not apply if the repair work is done under a service contract or if a flat price or firm estimate is given before the repair work is completed.

## **Household Goods Movers**

Under the Maryland Household Goods Movers Act, household goods movers may not enforce or threaten to enforce a carrier's lien or refuse to deliver a consumer's household goods when providing moving services within the State for a fee. Violation of the Act is an unfair and deceptive trade practice under the Maryland Consumer Protection Act.

## **Kosher Products**

A person may not sell kosher products unless the products meet the requirements for being kosher. A disclosure statement must be displayed on the premises where unpackaged kosher food is sold or served. The Consumer Protection Division has adopted a disclosure form to be used by persons who sell kosher food. Packaged kosher food must have a kosher identification attached to the outside of the package.

## **Late Fees – Consumer Contracts**

Unless otherwise provided in law, a consumer contract that requires the payment of a late fee must disclose, by its terms or by notice: (1) the amount of the late fee; (2) the conditions under which the late fee will be imposed; and (3) the timing for the imposition of the late fee. A late fee in a consumer contract is subject to one of the following two limitations:

- the amount of the late fee may be up to \$5 per month, or up to 10 percent per month of the payment amount that is past due, whichever is greater; and no more than three monthly late fees may be imposed for any single payment amount that is past due, regardless of the period during which the payment remains past due; or
- the amount of the late fee may be up to 1.5 percent per month of the payment amount that is past due.

A late fee included in a consumer contract may not be imposed until 15 days after the date the bill was rendered for the goods or services provided. If a bill is not rendered, a late fee may not be imposed until 15 days after the payment amount becomes due. A late fee imposed under the Consumer Protection Law is subject to any additional limitation or condition prescribed by any federal, State, or local regulatory agency or authority having jurisdiction over entities imposing late fees. The late fee provision is in effect through October 1, 2005.

## **Layaways**

Under the Maryland Layaway Sales Act, a layaway sales agreement must include the price and all other terms of the agreement, including a description of the goods and any delivery or service charges. Any reduction in the price of a layaway item that occurs within ten days after purchase must be passed on to the buyer of the layaway item. The seller is prohibited from increasing the layaway price under a layaway agreement.

A seller must permit the buyer to cancel a layaway agreement, without penalty or obligation, within seven days from the date of the agreement. If the buyer defaults (fails to make a required payment within five days after the date it is due), the seller may cancel the layaway agreement and keep 10 percent of the layaway price or the money the buyer already paid, whichever is less.

## **Merchandise Delivery**

When a consumer orders furniture, major appliances, or other household goods, the Maryland Merchandise Delivery Law requires that the dealer selling or leasing the goods include an estimated delivery date in the sale or lease contract. Dealers must make an informed estimate, even if they are not completely certain when the merchandise will be available.

If the dealer fails to provide the consumer with an estimated delivery date or fails to deliver the ordered merchandise within two weeks of the promised date, the consumer may cancel the contract and receive a full refund of the deposit. The dealer must refund the consumer's deposit within two weeks of a request. As an alternative to canceling the contract, the consumer may modify the contract by selecting another item, take a store credit, or agree on a new delivery date.

If the dealer and consumer have agreed on a delivery time but the goods cannot be delivered successfully due primarily to the conduct of the consumer, and if the dealer gives the consumer written or oral notice of the attempted delivery, the consumer forfeits all remedies provided by the law.

## **Mortgage Servicers**

A mortgage servicer must send to a mortgagor, within seven days after acquiring the mortgage servicing, a written notice containing information about the mortgage on the date of transfer and the new servicer. The information must include the principal and escrow balances of the mortgage and the address where mortgage payments are to be sent.

## **Motor Vehicle Leasing**

The Consumer Motor Vehicle Leasing Contracts Law regulates the leasing of new and used motor vehicles by individuals for nonbusiness purposes for a lease term of more than four months. The law applies to leases whether or not they include an option to purchase the leased vehicle at the expiration of the lease term.

A consumer motor vehicle lease must be in writing, signed by the lessor and lessee, and contain disclosures regarding such matters as insurance coverage, ownership rights, early termination penalties, capitalized costs, and the lessee's rights upon default. A lessor, when extending an existing lease or offering a new lease to cure a default, may not include a provision that is less favorable to the lessee than the original lease. The lessor, however, may increase the security deposit, down payment, or the lease payments as long as the total payments over the new or extended lease term do not exceed the total payments under the original lease.

Both the Consumer Protection Division and the Commissioner of Financial Regulation have enforcement authority under the Consumer Motor Vehicle Leasing Contracts Law.

## **New Home Warranties**

Before entering into a contract for the sale or construction of a new home, a home builder is required to disclose in writing to a purchaser whether the builder participates in a new home warranty security plan. If the builder does not participate, the builder must disclose that without a new home warranty or other express warranties, the purchaser may be afforded only certain limited implied warranties.

A new home warranty under a plan must provide at a minimum:

- a one-year warranty on materials and workmanship;
- a two-year warranty on electrical, plumbing, heating, cooling, and ventilating systems; and
- a five-year warranty against structural defects.

Failure to comply with the New Home Warranties Law or knowingly misrepresenting that a new home warranty exists is an unfair and deceptive trade practice under the Maryland Consumer Protection Act. New home warranty security plans must

provide the minimum coverage required by law, post a bond, and be approved by the Home Builder Registration Unit.

### **Prizes Conditioned on Purchases or Sales Promotions**

A person may not notify another person by any means, as part of an advertising scheme, that the other person has won a prize, received an award, or been selected or is eligible to receive anything of value if the other person is required to purchase goods or services or pay any money to participate in or submit to a sales promotion effort. However, prizes may be conditioned on the purchase of other goods or services if the retail price of the prize offered does not exceed the greater of: (1) \$40; or (2) the lesser of: (i) 20 percent of the purchase price of the goods or services that must be purchased; or (ii) \$400.

A person who offers a contest, sweepstakes, or other sales promotion effort not prohibited by law must disclose certain information. The law specifically states which disclosures are required when prizes relate to the sale, lease, or rental of real property; are awarded by chance; and are not awarded by chance (i.e., everyone receives the prize).

Required disclosures must appear on the first page of the prize notification and include information about the retail price and number of prizes offered, the odds of winning, and other rules and conditions involved.

### **Product Guaranties and Service Contracts**

The Maryland Service Contracts and Consumer Products Guaranty Act requires a person who makes a guaranty about a consumer product to provide written information at the time of sale to the consumer about the guaranty, including:

- the duration of the guaranty period measured by time or some other measure of usage, such as mileage;
- any maintenance that a consumer must undertake to be entitled to repairs or replacement under the guaranty;
- the guarantor's obligation during the guaranty period; and
- the procedure the consumer must follow to have the defective product repaired or replaced.

The Act also requires a service contract for the repair, replacement, or maintenance of a product to be in writing and include:

- the contract's duration, measured by time or product usage, and the contract's purchase price and terms, including the provider's obligations;
- any reasonable and necessary maintenance required to be performed by the person guaranteed as a contract condition;
- the merchandise and services to be provided and the procedures to follow to obtain services or file a claim under the contract;
- any limitations, exceptions, or inclusions under the contract;
- the terms, restrictions, or conditions governing cancellation of the contract before its stated termination date; and
- any means established by the provider for quick informal settlement of a dispute.

The division's jurisdiction is limited to intrastate services that are provided within Maryland. Interstate services, those affecting more than one state, fall under the jurisdiction of federal entities, including the Energy Regulatory Commission, which regulates the interstate and wholesale activities of gas and electric utilities; the Federal Communications Commission, which regulates interstate telephone service; and the U.S. Department of Transportation, which retains limited jurisdiction over interstate commercial carriers and related services.

### **Reserved Seats**

A person who sells reserved seat tickets for an athletic, recreational, cultural, or entertainment event must display a seating plan at the ticket-sale location that shows the location of reserved seats and physical obstructions to viewing the event. Nonprofit organizations are exempt from this requirement.

### **Telemarketing**

A contract made pursuant to a telephone solicitation is not valid and enforceable against a consumer unless the contract is made in compliance with the Maryland Telephone Solicitations Act. The key provisions of the Act are summarized below:

- telephone solicitors must first inform a consumer of the nature of the call, the caller's name, and the purpose of the call;
- a contract resulting from a telephone solicitation must be in writing and signed by the consumer;

- the contract must contain the seller's name, address, and telephone number; the total price of the contract; and a detailed description of the goods or services being sold;
- a conspicuous statement in the contract must disclose that no payments will be required unless the consumer signs and returns the contract to the seller;
- the seller may not charge a consumer's credit account until after the consumer signs the contract and sends it back to the seller; and
- the contract may not exclude from its terms any oral or written representations made by the seller to the consumer.

### **Unit Pricing**

A person who sells, offers, or displays for sale a consumer commodity at retail must disclose the total price of the commodity or the unit price if the commodity is sold only by units or is prepackaged and within certain categories, including foods, paper products, wrapping products, and cleaning products. A number of items are exempt from the unit pricing requirements, including certain prepackaged foods, items sold only by prescription, and items sold through vending machines.

### **Vacation Club Memberships**

A vacation club membership is an interest in a vacation club membership plan that entitles the purchaser to the use or occupancy of a vacation accommodation on a recurring basis, whether or not the exercise of the right to use or occupy depends on the availability of a vacation accommodation. It includes an interest in a club that provides or arranges for the use or occupancy of campgrounds, condominiums, or other vacation accommodations. Either party may cancel a contract to purchase a vacation club membership within ten calendar days after execution. On cancellation, the purchaser is entitled to a full refund. The contract must disclose the right to cancel and receive a refund.

### **Work-at-home Advertisements**

A person who places an advertisement that represents that any person can earn money at home by stuffing or addressing envelopes, mailing circulars, clipping newspaper or magazine articles, or performing similar work must pay compensation to those who perform the represented tasks. The person placing the advertisement may not require the person who will perform the tasks to advance any monetary payment or deposit for any instructional booklets, brochures, or other items or services.

## **Enforcement and Penalties**

The Consumer Protection Division may attempt conciliation, issue cease and desist orders, or seek action in court, including an injunction, to enforce the Maryland Consumer Protection Act. The general penalty for persons who violate the Act include:

- civil penalties – a fine of up to \$1,000 for each violation and, if the violator subsequently repeats the same violation, a fine of up to \$5,000 for each subsequent violation; and
- misdemeanor criminal penalties – a fine of up to \$1,000 or imprisonment for up to one year, or both.

Other remedies and criminal penalties may apply that are specific to the consumer protections provided in the Commercial Law Article.

Civil penalties may be assessed either by the courts or through an administrative action. In setting the amount of the penalty imposed in an administrative proceeding, the Consumer Protection Division considers the severity of the violation for which the penalty is assessed; the good faith of the violator; any history of prior violations; whether the amount of the penalty will achieve the desired deterrent purpose; and whether the issuance of a cease and desist order, including restitution, is insufficient for the protection of consumers.

In any action brought by the Attorney General under the Consumer Protection Act, the Attorney General is entitled to recover the costs of the action for the use of the State.

## Section II. Industry-Specific Regulation

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Section II discusses industry-specific regulations for a general group of nine business/industry activities in Maryland. Each chapter describes the regulations applicable to the industry groups and lists the State agencies responsible for implementing these regulations. In addition, Chapter 14 discusses specific provisions of Maryland's occupation and professional licensing requirements.

Section II is organized as follows:

Chapter 5	Agriculture
Chapter 6	Natural Resources Management
Chapter 7	Financial Services Industry
Chapter 8	Insurance
Chapter 9	Health
Chapter 10	Alcohol and Tobacco
Chapter 11	Transportation
Chapter 12	Public Utilities
Chapter 13	Sports
Chapter 14	Occupational and Professional Licensing

For further information regarding the departments, agencies, and other authorities that regulate these industries, refer to *Government Services in Maryland*, Volume II of the Legislative Handbook Series.



## Chapter 5. Agriculture

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Agriculture land use has declined in Maryland to about 2.15 million acres of farmland, nearly one-third of the State's total acreage. During the 1996 to 2000 period, the number of farms decreased from 13,700 to 12,400, and the annual gross farm income decreased from \$1.82 billion to \$1.75 billion. Despite these steady declines, agriculture continues to be a vital industry in Maryland. As the State's largest commercial industry, agriculture contributes about \$11 billion in revenue annually to the State and provides over 350,000 jobs, about 14 percent of the State's workforce.

In order to protect the integrity of agricultural operations and to provide consumers with safe food products of high quality, the industry is closely regulated. At the State level, this regulation is carried out by the following offices of the Maryland Department of Agriculture:

- Office of Marketing, Animal Industries, and Consumer Services;
- Office of Plant Industries and Pest Management; and
- Office of Resource Conservation.

The department also administers the Maryland Agricultural Land Preservation Foundation.

Agricultural industries are likewise subject to federal oversight. For detailed information on federal regulation of agricultural land and products, county agriculture extension agents may be consulted.

### **Office of Marketing, Animal Industries, and Consumer Services**

The regulation of programs that deal with the weight, measurement, production, marketing, and promotion of agricultural commodities is under the Office of Marketing, Animal Industries, and Consumer Services. Units within the office include: Agriculture Statistics, Agribusiness Development and Direct Marketing, Aquaculture Development and Seafood Marketing, Domestic Marketing, International Marketing and Trade Development, Weights and Measures, Animal Health, Grading Services, Egg Inspection, and Grain Dealers Licensing. Also part of this office are the Maryland Horse Industry Board, the State Board of Veterinary Medical Examiners, and the Tobacco Authority. The services provided by each of these functions are described below.

## **Agriculture Statistics**

The Agriculture Statistics Service provides the public with data regarding the production of crops and livestock in the State. The service also gathers and publishes information on land use, income, commodity and land prices, labor, and farm demographics. This data is used to measure the performance of the agriculture sector in the Maryland economy and to track trends and changes in land use and output.

For further information contact:

Agriculture Statistics Service  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5740  
Web Site: <http://www.mda.state.md.us/>

## **Agribusiness Development and Direct Marketing**

The Agribusiness Development and Direct Marketing Program assists Maryland farmers and other agricultural entrepreneurs in the establishment and expansion of their production. Entrepreneurs receive one-to-one needs assessments and counseling. The program identifies both private sector and government agency contacts, such as the Department of Business and Economic Development, which help business owners develop business plans, obtain financing, meet regulatory requirements, and locate product distributors. Program employees provide market research, marketing and other networking opportunities, and a centralized source of business development information to small, new-to-market agriculture-related businesses, as well as to larger, more established agricultural operations. Outreach focuses on increasing demand for local agriculture, thus increasing employment opportunities and enhancing the sustainability of local agricultural communities throughout the State. Since its inception in 1996, more than 330 agricultural enterprises have been served.

Program personnel assist in the evaluation process for the Maryland Agricultural Education and Rural Development Assistance Fund, a recently instituted State grant program targeted toward rural economic development. Of the 18 grants awarded by the fund in 2001, the program administered 9.

In addition, the program offers a Farm Link service that helps to strengthen the business component of agriculture by matching new and retiring farmers for mentoring

purposes. In 2001 Farm Link contacts totaled 49, 42 aspiring farmers and 7 retiring or retired farmers.

For further information contact:

Agribusiness Development and Direct Marketing Program  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5770  
Web Site: <http://mwow.mda.state.md.us/>

### **Aquaculture Development and Seafood Marketing**

The Aquaculture Development Office works closely with the Agriculture Education Foundation, Maryland high schools, other State agencies, industry representatives, and other interested parties to promote the development and expansion of the aquaculture industry. The office serves as an information resource and provides technical assistance on production systems, obtaining permits, financing, and marketing. In 2001 there were 45 commercial aquafarms in Maryland that raised a variety of food fish, sport fish, mollusks, crustaceans, bait fish, ornamental fish, and aquatic plants with total sales in excess of \$8 million.

The Seafood Marketing Program promotes the sale and consumption of Maryland seafood and aquaculture products through education, promotion, and advertising. The total estimated value of the State's seafood industry is \$700 million. In 2001, 49 million pounds of fish were caught for commercial purposes, with a dockside value of more than \$54 million.

For further information contact:

Aquaculture Development and Seafood Marketing  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5724  
Web Site: <http://mwow.mda.state.md.us/>

## **Domestic Marketing**

The Domestic Marketing Section promotes agricultural products and business through a wide variety of programs including farmers' markets; farmers' market nutrition programs; the Delmarva shore-to-store program; "Maryland's Best;" organic certification; and agricultural fairs, trade shows, and other promotional events.

In 2001, 68 farmers' markets operated throughout the State. Approximately 500 growers sell all or most of their products directly to consumers at these markets.

The farmers' market nutrition program began in the late 1980s to help growers bring their produce to community-based markets. The nutrition program has two components, the Supplemental Food Program for Women, Infants, and Children and the Senior Nutrition Program, both supported by coupons funded by the U.S. Department of Agriculture. In 2001 approximately 32,000 households participated in these two programs. More than 400 farmers at 45 farmers' markets likewise participated in 2001 with sales totaling nearly \$450,000.

The Delmarva shore-to-store program, jointly funded by Maryland, Delaware, and Virginia, promotes the retail purchase of locally grown produce on the Delmarva Peninsula. For the past several years, retail purchases have exceeded \$1 million. In 2001 purchases grew to more than \$1.8 million. Over 100 stores participated, providing 55 Maryland growers with direct access to local consumers.

"Maryland's Best," a marketing and quality assurance initiative developed and launched during the summer of 2002, designates food products that have been grown, processed, or manufactured in the State with a logo bearing that program title. Program participants must agree to meet specified quality and environmental standards in the production process. In return, these "best" products are distinctively identified and promoted in grocery and specialty food stores, farmers' markets, and restaurant menus. Funding for the first year of this promotional strategy was provided by the U.S. Department of Agriculture.

In response to increased consumer demand for organic foods, the organic certification program assists already-established farmers in the transition toward organic certification of livestock, dairy, and poultry operations. Accredited by the National Organic Program, this program annually certifies approximately 80 Maryland producers of organic food products on nearly 4,000 acres.

Numerous agricultural fairs, trade shows, and other events have long been an effective method to promote individual farm products as well as the overall business of

agriculture. As part of the Domestic Marketing Section, the Maryland Agricultural Fair Board administers State grants for these events. In 2001 this amounted to approximately \$760,000 for the support of 150 agricultural events attended by more than 2 million people.

For further information contact:

Domestic Marketing Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5770  
Web Site: <http://www.mda.state.md.us/>

### **International Marketing and Trade Development**

Maryland agricultural products are in great demand around the world. The International Marketing and Trade Development Division prepares and assists the State's agribusinesses, processors, and distributors in the expansion of export sales; development of niche markets; participation in trade events; and identification of new markets, trade issues, and related concerns regarding the international marketplace. The division monitors trade practices and advocates fair trade and elimination of barriers that impact the exportation of Maryland's agricultural products.

The State's agricultural exports were estimated at \$281 million in 2001; the top five products exported were poultry and poultry products, feed grains, soybeans and soybean products, horticulture products, and vegetables. In addition, international demand is on the rise for developing agricultural industries, such as livestock, livestock genetics, horses, ornamental horticultural products, and processed foods.

For further information contact:

International Marketing and Trade Development Division  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5770  
Web Site: <http://www.mda.state.md.us/>

## Weights and Measures

The Weights and Measures Section inspects and tests all weighing and measuring devices used in the purchase and sale of commodities or the exchange of goods and services. Prepackaged commodities are likewise inspected and tested for accuracy of quantity statements and for compliance with labeling requirements. Intervals between inspections are no more than 18 months. Maryland's National Type Evaluation Program Laboratory is one of only four fully participating laboratories in the nation, as authorized by the National Conference on Weights and Measures. Also, the section oversees the examination and licensing of individuals for related functions. The section's activities are summarized in Exhibit 5.1.

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**Exhibit 5.1**  
**Weights and Measures**  
**Administrative Controls and Other Functions**  
**Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Registration Certificates Issued for Weighing and Measuring Devices	8,013	7,759	7,684
Type Evaluation of Devices Conducted (NTEP)	70	56	68
Sampler and Tester Licenses Issued	30	29	26
Citizen Complaints Received and Investigated	356	325	332
Disciplinary Hearings, Criminal Arrests, and/or Summonses Obtained	24	19	10

Source: Maryland Department of Agriculture

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For further information contact:

Weights and Measures Section  
 Department of Agriculture  
 50 Harry S. Truman Parkway  
 Annapolis, Maryland 21401  
 (410) 841-5790  
 Web Site: <http://www.mda.state.md.us/>

## **Animal Health**

The Animal Health Section safeguards the health of food-producing animals and horses. The section plans and implements long-range programs to eradicate livestock diseases with a particular emphasis on those that are transmissible to humans and not controllable by elementary treatment such as foot and mouth disease, West Nile virus, and anthrax.

The section's major activities are both regulatory and service-oriented, and include health certification of animals imported into, or exported from, the State; inspection and licensing of livestock auctions, dealers, fairs, exhibitions, hatcheries, and farms; and operation of five veterinary diagnostic laboratories that support the department's field veterinarians, the private veterinary profession, and owners of agricultural and other types of animals. The section participates in several federal-state-industry cooperative disease eradication programs audited by the U.S. Department of Agriculture. The section also works closely with several units of the University of Maryland, including the Virginia-Maryland Regional College of Veterinary Medicine; other states; and numerous other local, regional, and national animal industry and animal health organizations.

For further information contact:

Animal Health Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5810  
Web Site: <http://www.mda.state.md.us/>

## **Grading Services**

The Grading Services Section provides producers and processors with a voluntary certification program for agricultural commodities including poultry, eggs, fruit, vegetables, and grain. This certification system provides a uniform basis for marketing agricultural commodities and ensures buyers that certified products meet quality standards. Section employees inspect and certify the quality, size, labeling, weight, sanitation, and packaging of agricultural commodities. Commodities meeting the standards set by the U.S. Department of Agriculture or the Maryland Department of Agriculture are officially identified by section employees. The cost of the service is paid by the users. In 2001 the section certified more than 543 million pounds of poultry as USDA Grade A and more than 47 million pounds of shell eggs as USDA Grade A or AA, and inspected more than 32 million pounds of fruits and vegetables.

For further information contact:

Grading Services Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5769  
Web Site: <http://www.mda.state.md.us/>

### **Egg Inspection**

The Egg Inspection Section performs egg inspections at the wholesale, retail, and food service levels to ensure that Maryland eggs meet mandatory standards as to quality, size, microbial and physical contamination, refrigeration, labeling, and record keeping. Wholesalers and packers selling or delivering eggs in the State are required to obtain an annual license. Inspections are funded by fees assessed on the regulated industry. In 2001, 2,564 lots were inspected with a 79 percent compliance rate.

For further information contact:

Egg Inspection Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5769  
Web Site: <http://www.mda.state.md.us/>

### **Grain Dealers Licensing**

The Grain Dealers Licensing Section licenses and regulates persons who are in the business of buying, receiving, exchanging, or storing grain from a grower. Annual license fees range from \$50 to \$300, depending on the amount of grain handled. An applicant must meet minimum insurance and net worth requirements. The section licensed 37 businesses at 69 locations in 2001. The section also publishes and distributes an annual Directory of Licensed Grain Dealers.

For further information contact:

Grain Dealers Licensing Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5769  
Web Site: <http://www.mda.state.md.us/>

### **Maryland Horse Industry Board**

The Maryland Horse Industry Board licenses and regulates horse stables. A horse stable license is required in order to stable five or more horses for compensation; sell five or more horses in one year; or let for hire a horse to be ridden or driven, whether or not riding or driving instruction is furnished. A stable must pass an inspection and pay a \$75 fee. Once licensed, each stable is inspected annually to ensure that board standards are maintained. Exempt from these licensing requirements are stables and farms where thoroughbred or standardbred horses are bred, trained, and rested, as well as farms where horses are used for agricultural purposes, such as cultivation of the soil or the herding of livestock. The board issued 401 licenses in fiscal 2002, 384 in 2001, and 382 in 2000.

In addition, the board is responsible for advising the department on matters affecting the State's horse industry; research regarding equine health and related issues; development and promotion of the horse industry in the State; enhancement of public awareness of the value of equine activities as related to the preservation of green space and agricultural land; and development and dissemination of information about the equine industry, including the history and tradition associated with breeding and the role of horses in various recreational activities.

For further information contact:

Maryland Horse Industry Board  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5862  
Web Site: <http://www.mda.state.md.us/>

### **State Board of Veterinary Medical Examiners**

The State Board of Veterinary Medical Examiners licenses and regulates the veterinary profession. All Maryland veterinarians are licensed annually and required to

have 12 hours of continuing education each year. In July 2002 the board adopted new licensing regulations that allow new veterinarians to become licensed at any time during the year, in place of the previous system of offering a written examination four times each year. Assisted by a seven-member committee, the board also registers veterinary technicians every three years. Veterinary technicians must have 24 hours of continuing education during this three-year period.

Veterinary hospitals are issued annual licenses and are inspected to ensure compliance with State regulations. Sodium pentobarbital permits are issued to humane organizations that euthanize unwanted animals; records concerning the storage and use of this material are regularly reviewed. The activities of the board are summarized in Exhibit 5.2.

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**Exhibit 5.2**  
**Veterinary Profession Regulation**  
**Fiscal 2000 – 2002**

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Licenses Issued to New Veterinarians	149	139	124
Veterinary Hospitals Licensed	475	487	495
Complaints Received	69	71	66
Disciplinary Actions	15	27	22
Sodium Pentobarbital Permits Issued	28	25	27

Source: Maryland Department of Agriculture, State Board of Veterinary Medical Examiners

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For further information contact:

State Board of Veterinary Medical Examiners  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5862  
Web Site: <http://www.mda.state.md.us/>

## **Tobacco Authority**

The Tobacco Authority regulates the sale of leaf tobacco in the State. In administering the annual tobacco auction, the authority makes recommendations for fixed market dates and the regulation of market practices. Auction sales in fiscal 2001 amounted to slightly more than 8 million pounds of tobacco leaf, as compared to approximately 3.6 million pounds in fiscal 2002.

This dramatic decline in tobacco auction sales is a direct result of the recently initiated tobacco farmer buyout program. The only approach of this sort in the nation, this program pays participating farmers \$1 per pound for the average amount of tobacco brought to market in 1996, 1997, and 1998, while assisting them in the development of alternative crops so that former tobacco fields will be maintained in agricultural production. Buyouts are funded from a settlement reached in a multi-state lawsuit against cigarette manufacturers. During fiscal 2001, the first year of the buyout program, the State paid farmers more than \$5.3 million. The option to participate remains open until 2005. Each contract runs for ten years.

The authority is charged with general oversight of the buyout program, but it is actually administered by the Tri-County Council for Southern Maryland. As of early 2002, 654 farmers had contractually agreed to end tobacco production. This figure represents two-thirds of all farmers eligible for participation and 78 percent of the total tobacco poundage eligible for buyout.

For further information contact:

Tobacco Authority  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5770  
Web Site: <http://www.mda.state.md.us/>

## **Office of Plant Industries and Pest Management**

The Office of Plant Industries and Pest Management has six sections: forest pest management; mosquito control; pesticide regulation; plant protection and weed management; the State chemist; and turf and seed. These sections administer programs and enforce State and federal laws and quarantines that cover the use and application of pesticides; the control of noxious weeds, plant diseases, and pests; the registration,

labeling, and quality testing of feed, fertilizer, lime, and pesticide products; and the certification of the quality of seeds, turf, and other commercial agricultural goods produced or sold in the State.

For further information contact:

Office of Plant Industries and Pest Management  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5870  
Web Site: <http://www.mda.state.md.us/>

### **Forest Pest Management**

In order to minimize loss caused by insect pests and diseases affecting both rural and urban forests, the Forest Pest Management Section manages two cooperative cost-share programs in association with the U.S. Forest Service: the Cooperative Gypsy Moth Suppression Program and the Cooperative Forest Health Program. The Cooperative Gypsy Moth Suppression Program conducts an Integrated Pest Management Program to protect forest and shade trees from defoliation by the gypsy moth. In 2001 defoliation of hardwood trees increased from the 2000 level of 23,231 acres in 11 counties to 46,183 acres in 15 counties. The Cooperative Forest Health Program monitors and evaluates insects and diseases affecting Maryland forests. In 2001 surveys were conducted to assess the health of roadside trees and to determine the impact of several specific insects and diseases in the State.

For further information contact:

Forest Pest Management Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5922  
Web Site: <http://www.mda.state.md.us/>

### **Mosquito Control**

In order to reduce the risk of transmission of mosquito-borne disease to people and to relieve general annoyance, the Mosquito Control Section administers and implements a

statewide mosquito control program. The program includes surveillance of population levels, source reduction, biological control, application of insecticides, evaluation of control strategies, and public education. In 2001 the section maintained cooperative mosquito control agreements with 22 counties and Baltimore City and provided service in 1,878 communities. A total of 4,230 acres, mostly in Baltimore City, was treated to reduce the risk of human exposure to West Nile virus. The program is available on a voluntary basis, and participating areas pay a share of the cost for direct services.

For further information contact:

Mosquito Control Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5870  
Web Site: <http://www.mda.state.md.us/>

## **Pesticide Regulation**

The Pesticide Regulation Section regulates the use, sale, storage, and disposal of pesticides and enforces State and federal pesticide requirements. The section certifies private applicators, most of whom are farmers, as well as commercial applicators to ensure that pesticides are applied properly by competent and trained individuals. This section also inspects licensed pest control businesses, public agencies, and restricted use pesticide dealers, and reviews pesticide application records, restricted use pesticide sales records, safety equipment, storage areas, and application equipment and vehicles. Pesticide misuse and consumer complaints are investigated.

Applicators are required to maintain competency by participating in regular mandatory training approved and monitored by the section. The section provides information to pesticide applicators, dealers, and the general public on issues concerning pesticide use and regulation. The section also assists in the training of applicators that is conducted by the Maryland Cooperative Extension and the pesticide industry. Other projects include registration of pesticide sensitive individuals, who receive advance notification of applications to be administered on adjacent properties; recycling of pesticide containers; disposal of unusable or unwanted pesticides; ground water pesticide monitoring; and training of school personnel in Integrated Pest Management techniques. The activities of the section are summarized in Exhibit 5.3.

**Exhibit 5.3  
Pesticide Regulation  
2000 – 2001**

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Pesticide Businesses Licensed	1,431	1,495	1,504
Private Applicators Certified	4,140	4,108	4,064
Individuals Taking Examinations	654	806	871
Number of Businesses Inspected	1,061	1,110	1,292
Consumer Complaints Investigated	126	104	73

Source: Department of Agriculture, Pesticide Regulation Section

For further information contact:

Pesticide Regulation Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5710  
Web Site: <http://www.mda.state.md.us/>

### **Plant Protection and Weed Management**

The Plant Protection and Weed Management Section protects the State from plant pest outbreaks. Programs administered by the section cover nursery inspection, plant pest surveys, plant quarantines, integrated pest management, noxious weed control, biological control of insects and weeds, invasive plant species, plant certification, and an industrial hemp pilot project. The section also provides service and education in areas related to insect, plant disease, and noxious weed management. Plant protection staff examines and certifies plants at commercial nurseries and plant dealer outlets.

All apiaries must be registered with the section. The section inspects and regulates apiaries in order to prevent the spread of bee disease and parasites. About \$40 million worth of in-state crops require, or benefit from, honeybee pollination. Producers annually rent approximately 5,000 bee colonies to improve pollination and thus heighten crop yields.

For further information contact:

Plant Protection and Weed Management Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5920  
Web Site: <http://www.mda.state.md.us/>

### **State Chemist**

The State Chemist Section regulates the distribution of animal feeds, commercial fertilizers, soil conditioners, pesticides, and agricultural liming materials. These products must be registered with the section, and a registration fee is required. Chemical analysis by the State chemist determines if a product meets the formulation shown on its label. Inspections are often done by random selection of sample products offered for sale in the marketplace. The section also has responsibility for enforcement actions, which may include removal from sale of unsafe, ineffective, or misbranded products.

For further information contact:

State Chemist Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-2721  
Web Site: <http://www.mda.state.md.us/>

### **Turf and Seed**

The Turf and Seed Section has two main functions: encouraging in-state production of quality turf and seed and ensuring the integrity of seed sold and purchased in Maryland.

Maryland is the only state in the nation that requires all turf grass sod, plugs, and sprigs to be labeled accurately. Thus, purchasers are able to obtain sod of a consistently high quality. The section administers a voluntary turf certification program that has served as a model for several other states. Likewise, the section assures that seed production conforms to department standards. A variety of seed testing services are

offered, and regular certification inspections provide for quality standards and proper count, labeling, mix, and use.

Wholesale seedsmen doing business in the State must obtain a wholesale seedsman's permit. The annual fee for the permit is \$50. Department inspectors visit retail and wholesale seed vendors and draw samples from seed bags or bins that are then laboratory tested. Each seed lot is checked for purity, germination, and the presence of other crop or weed contaminants. Inaccurately labeled or misrepresented seed lots are removed from the marketplace.

For further information contact:

Turf and Seed Section  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5960  
Web Site: <http://www.mda.state.md.us/>

## **Office of Resource Conservation**

The Office of Resource Conservation implements various agricultural conservation and resource protection programs that assist farmers in balancing farm productivity with the protection of soil and water resources. For example, from 1985 to 2000, with the assistance of the office, farmers making greater use of best management practices were able to reduce nitrogen and phosphorus loads flowing into the Chesapeake Bay by 34 percent and 45 percent, respectively. Programs provide farmers with a range of educational, technical assistance, financial, and regulatory services. The office works with numerous local, State, and federal agencies in four key section areas: program planning and development; nutrient management; resource conservation operations; and conservation grants.

### **Program Planning and Development**

The Program Planning and Development Section develops policy, programs, and public information regarding nonpoint-source pollution and resource conservation issues. Activities are coordinated among local soil conservation districts, federal and State agencies, and public and private agricultural and natural resource organizations. The section also staffs the State Soil Conservation Committee, which coordinates the 24 soil conservation districts and appoints district supervisors.

## **Nutrient Management**

Under the Water Quality Improvement Act of 1998 (Chapter 324 of 1998), most Maryland farmers were required to have a nutrient management plan by December 31, 2001. Toward this end, the Nutrient Management Section administers all program components, including certification of nutrient management consultants, development of planning software, and sponsorship of training workshops. The majority of farmers, representing 65 percent of the affected cropland, or 1.1 million acres, were able to comply with this December 2001 deadline. Nearly 3,000 additional farmers, accounting for over 750,000 acres, are working with certified consultants toward plan completion.

Also under the section is the manure transportation project, which provides animal operations with cost-share assistance in order to transport excess manure to other farms where the manure can be used within nutrient management guidelines. A top priority is to promote and encourage the development of animal waste technology, such as the manufacture of nutrient pellets for sale to other regions of the country where the soil is nutrient deficient. Originally a pilot project, manure transportation became a permanent component of the nutrient management program under Chapter 522 of 2002.

## **Resource Conservation Operations**

The Resource Conservation Operations Section focuses on the conservation of water resources. One approach is the formulation of comprehensive soil conservation and water quality plans designed to both identify and resolve pollution problems. Implementation of these water quality improvement plans during fiscal 2001 are estimated to have impacted over 100,000 acres. A second approach involves working with local public drainage associations in the development of operation and maintenance plans for drainage systems. In 2001 staff provided technical assistance for 850 miles of public drainage ditches. Still another method is to assist tributary teams, which are groups of local citizens, farmers, business leaders, and government officials who meet regularly in each of the Chesapeake Bay's ten major tributary basins to work on pollution prevention and address local water quality problems.

## **Conservation Grants**

The Conservation Grants Section administers a variety of assistance programs aimed at enhancement of best management practices. Included are the following cost-share initiatives: participation in nutrient management services; construction of animal waste storage structures; enrollment in the federal Conservation Reserve Enhancement

Program; installation of best management practices to protect environmentally sensitive areas; and planting of cover crops. Also, low-interest loans are available to supplement grant payments for more costly improvements, such as stream fencing, wetlands creation, or construction of an animal waste management system. In 2001 farmers received more than \$4 million of this type of assistance and invested about \$600,000 of their own funds. Improvements related to these expenditures prevented an estimated 29,000 tons of soil and 2,000 tons of manure from reaching State waters.

For further information contact:

Office of Resource Conservation  
Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401  
(410) 841-5865  
Web Site: <http://www.mda.state.md.us/>

## **Maryland Agricultural Land Preservation Foundation**

The Maryland Agricultural Land Preservation Foundation cooperates with county governments to direct development or slow its pace through the establishment of agricultural preservation districts. An agricultural preservation district is formed when a landowner agrees to keep that land in agriculture for five years. Once in a district, a landowner is then eligible to apply to the foundation for the sale of a perpetual agricultural conservation easement. At the end of fiscal 2001, 382,987 acres of farmland were in agricultural preservation districts, and 198,276 acres were under permanent protection. In fiscal 2001 the foundation established 210 new agricultural preservation districts and acquired 95 new permanent easements, for a total of 2,927 districts and 1,395 easements.

For further information contact:

Maryland Agricultural Land Preservation Foundation  
Department of Agriculture  
50 Harry S. Truman Parkway, Room 104  
Annapolis, Maryland 21401  
(410) 841-5860  
Web Site: <http://www.mda.state.md.us/agland/main.htm>  
Email: [agland@mda.state.md.us](mailto:agland@mda.state.md.us)

## **Chapter 6. Natural Resources Management**

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While many of the regulatory activities of the Department of Natural Resources have an impact on a broad cross section of businesses, other regulatory functions of the department have a more narrow focus. This chapter highlights the efforts of the department to protect the environment and maximize the use of natural resources within specific industries. Emphasis is placed on commercial fishing and aquaculture, forestry and forest conservation, wildlife management, and boating. Also described in this chapter are the regulation of the State's critical areas and the enforcement of natural resources management.

### **Commercial Fishing and Aquaculture**

The Fisheries Service manages commercial and recreational harvests to maintain sustainable quality fisheries, enhance and restore fish species in decline, and promote fishery ethics and public involvement. The regulatory activities of the service as they relate to fishing and aquaculture are discussed below.

#### **Fishing**

The fishing industry in Maryland has long been one of the State's major industries. Commercial finfish and shellfish catches for 2001 totaled 39.7 million pounds and had a dockside value of approximately \$45.9 million. This generated about \$115 million in economic activity in the State for fiscal 2001.

The regulatory framework for the fisheries industry in Maryland is based upon the industry's significant recreational and commercial value. The objectives of regulation are to prevent the depletion of stocks by overharvesting and to maintain these stocks for the long-term benefit of fishermen. To meet these objectives, the Fisheries Service issues commercial and recreational licenses, regulates the length of the various seasons, sets size and catch limits, and imposes quotas. The service also enforces a variety of other specific regulations related to how, when, and where various types of species may be landed. In 2000 the service issued commercial seafood harvester and dealers licenses to 7,765 individuals.

Some of the specific regulations that apply to various species are displayed in Exhibit 6.1.

**Exhibit 6.1**  
**Summary of Commercial Fisheries Regulations in Maryland (2002)**

Species	Commercial Minimum Size Limit	Commercial Season, Days and Times	Special Conditions/Comments
Bass, Black Sea	10" minimum size	Open year round	Seasonal catch limits
Bass, Striped (APR)	Pound net: 18" minimum size	June 1 - November 27, 4 nets/licensee	Individual allocations to be announced
Bass, Striped (APR)	Haul seine: 18" minimum size	June 8 - November 27, 1 net/licensee	Individual allocations to be announced
Bass, Striped Flag (APR)	Hook and line: 18" minimum size	June 15 - November 27, Tues, Wed, Thurs	No more than 4 fishers/boat, 2 crew/licensee
Bass, Striped APR subject to 48 hr notice	Bay drift gill net: 18" minimum size	December 1- February	Annual quota
Bass, Striped (APR)	Ocean trawl/drift gill net: 24" minimum size	November 2 - April 30	Quota = 91,000 lbs
Bluefish	8" minimum size	Open year round	
Catfish: Blue, Channel, White	10" minimum size	Open year round	
Clam, Hard	7/8" thick	1 bushel/day/license June 1 to Sep 15 in Worcester County	Specific regs for gear, harvest limits, and areas
Clam, Soft	2" long	15 bushel/day/boat May 15-Oct 31 8 bushel/day/boat Nov 1 - May 14	Cooling required April 15 - October 31
Crab, Blue	Chesapeake Bay 5 1/4", Worcester County 5" for male hard crabs – soft 3 1/2 peeler everywhere	Open April 1 - November 30	Sunday or Monday closed 2 cull rings & 1.5" mesh required in hard crab pots, bait restrictions in peeler pots, restrictions on sponge crab imports
Crab, Horseshoe	No size limit Permit holders – 100 crabs/day Nonpermit holders – 25 crabs/day	Closed bays, ocean w/in 1 Mile 4/1-6/30 beyond 1 mile – open Mon - Fri 4/1-6/30	750,000 lb quota in effect as of April 98 Trawling prohibited within 1 mile
Conch	6" minimum size	Open year round	
Croaker	9" minimum size	Closed Dec. 1 - March 15	
Drum, Black	Closed	Closed	No longer a commercial fishery

**Exhibit 6.1 (continued)**

<b>Species</b>	<b>Commercial Minimum Size Limit</b>	<b>Commercial Season, Days and Times</b>	<b>Special Conditions/Comments</b>
Drum, Red	18" minimum size	Open year round	
Eel, American	6" minimum size	Open year round	25/person/day < 6"; minimum pot mesh required
Flounder, Summer	14" minimum size	25 pound bycatch allowance in Chesapeake Bay, quata-based in Atlantic Ocean	Quota and special permits required
Herring	None		
Lobster	3 1/4" carapace measurement	Open year round	
Mackerel, Spanish	14" minimum size	Open year round	
Oysters	3" minimum size	Open Oct 1- Mar 31 tonging and diving Nov 1- Mar 31 dredging	Several areas closed consult public notices
Perch, White	8" minimum size	Open year round	
Perch, Yellow	minimum size 9" by hook and line, 8 1/2 – 11" by net	No commercial catch in February	Many river systems closed to commercial
Scup	9" minimum size	Open year round w/catch limits	Mesh size restrictions/trap escape panel
Sea Trout, Spotted	12" minimum size	Open year round	Trawl and gill net restrictions, revised mesh size
Shad, American & Hickory	Closed	Bay: closed ocean: open 2/4 - 4/30	New ASMFC Management Plan proposed
Shark (See Species in Regs)	58" minimum total size	Closure effective 3/31/98 for 22 select species	4,000 lbs/boat/day, No finning, No longlining
Sturgeon (Atlantic and Shortnose)	Closed	Closed	Closed
Tautog	14" minimum size	Open year round	5 fish per day
Tuna, Bluefin	27" minimum size	Category closures in effect	Federal Fisheries Information: 888 USA-TUNA
Weakfish	12" minimum size	Chesapeake Bay: Aug 9- Sept 30 Ocean: gill/other gear: Apr 1-30 & Oct 1-25 Trawl net: Oct 18 - Nov 30 Sat & Sun closed	Trawl and gill net restrictions, revised mesh size By-catch restrictions

APR = Additional Permit Required    ASMFC = Atlantic States Marine Fisheries Commission

Source: Department of Natural Resources

## **Aquaculture**

The Fisheries Service also regulates the aquaculture industry, which rears fish and aquatic plants for sale, trade, barter, or shipment. An individual who wishes to engage in aquaculture must obtain a permit from the service. Permits for raising nonnative species or nonnative stocks will only be issued if the operation is limited to nontidal ponds, lakes, or impoundments and the operation is constructed in a manner that assures nonnative stocks are precluded from entering tidal waters or contaminating native species of the State.

The service enforces regulations on where aquaculture operations may be conducted, leases submerged land for oyster cultivation, and issues permits to breed, propagate, and sell game and freshwater fish.

For further information contact:

Fisheries Service  
Department of Natural Resources  
Tawes State Office Building  
580 Taylor Avenue  
Annapolis, Maryland 21401  
(410) 260-8281  
Web Site: <http://www.dnr.state.md.us/>

## **Forestry and Forest Conservation**

The Forest Service supports Maryland's forest and tree resources by providing private forest land management expertise, wildfire protection, urban and community forestry assistance, and tree planning programs. The regulatory activities of the service as they relate to expert tree licensing, the Roadside Tree Law, forest product operator licensing, the Seed Tree Law, and forest conservation are discussed below.

### **Expert Tree Licensing**

The Forest Service seeks to create a balance between natural ecosystems and the development of local communities through the protection, conservation, and management of the State's urban forest and tree resources. The service regulates the commercial tree care industry through the issuance and renewal, and, if necessary, the suspension or revocation, of expert tree licenses. The service is also responsible for enforcing regulations governing the qualification and examination of licensed tree care specialists.

The service estimates that Maryland's tree care industry employs approximately 2,800 people and generates roughly \$135.0 million in revenues annually.

Criminal penalties, enforced by the service with assistance as needed from the Natural Resources Police, apply for operating a tree care business without a license and the false advertisement or solicitation of an unlicensed tree expert business. Administrative penalties may apply for fraud or deceit in obtaining a license, negligence or wrongful conduct in the practice of tree care, and violation of rules of ethics promulgated by the service. The Office of the Attorney General assists the service with the enforcement of administrative penalties.

### **Roadside Tree Law**

The Roadside Tree Law regulates the treatment of trees within public road rights-of-way in Maryland by outlining permitting processes and standards of care. The law and its regulations were developed specifically to ensure that highway construction projects performed by the State or supported with State funds comply with the State's reforestation and forest conservation laws.

Criminal penalties, enforced by the service with assistance as needed from the Natural Resources Police, apply for removing or trimming a roadside tree without a permit, failure to meet applicable tree care and clearance standards, failure to replace trees, improper herbicidal use, and failure to adhere to roadside tree planting specifications. Administrative penalties may apply for the violation of the terms of a permit or the violation of the law in general and are enforced by the service with assistance from the Office of the Attorney General.

### **Forest Product Operator Licensing**

The Forest Service helps ensure the adequate regeneration of forests and provides for leases and timber cutting rights through the issuance of forest product operator licenses. This license, also required of all forest product-manufacturing plants, generally requires forest product operators to operate in a manner that leaves areas in favorable condition for re-growth. The service defines forest product operators as loggers, firewood operators, sawmills, whole tree chippers, and pulp mills. Through the licensing process, the service determines the annual level of harvest and the impact on the State's overall natural resources.

## **Maryland Seed Tree Law**

The Maryland Seed Tree Law requires forest product operators to leave a certain number of pine trees per acre during timber harvest operations conducted on five acres or more of forest in which 25 percent or more of the trees are loblolly, shortleaf, or pond pines. The law seeks to ensure that the pine resources of the State are sustained for the long-term supply of wood fiber essential to commerce and industry. Forest product operators are required to submit plans indicating how they will ensure regeneration of harvested areas. Regeneration is generally accomplished by either leaving seed trees or replanting with pine seedlings in sufficient number to meet the requirements of the law. The service reviews, approves, and monitors forest regeneration plans to ensure compliance with the law.

## **Forest Conservation**

The Forest Conservation Act seeks to minimize the loss of forest resources that may take place during development projects. The Act requires developers to obtain approval of a forest conservation plan before subdivision grading or sediment and erosion control approvals are granted for projects covering an area of 40,000 square feet or greater. The plan must include: (1) an inventory of the natural resources on the site; (2) protection mechanisms for existing forest; (3) a plan for afforestation or reforestation, if needed; and (4) an agreement that either preserves forested priority areas or limits the uses of forest to those consistent with forest conservation.

The amount of forest that must be retained on a site is calculated according to the size of the site and the designated land use. Higher intensity uses, such as commercial or industrial uses, require less retention or afforestation than low intensity uses, such as resource conservation areas, when these are subject to development. Some afforestation may be required on sites that have less than the requisite minimum of forest cover. Reforestation or afforestation, if required, may be accomplished on the site, on another site, or through payment into the State or local Forest Conservation Fund.

Approval of developers' plans is generally undertaken and enforced by local planning and zoning authorities that have gained the service's approval for their forest conservation program. However, if the local authority fails to submit a suitable forest conservation program to the service, the service is required to assume responsibility for the review and approval of all forest conservation plans within the jurisdiction of that local authority.

According to the Forest Service, approximately 39,000 acres of forest have been reviewed on projects scheduled for development. Of those, 22,500 acres were retained, 12,200 acres were cleared, and 4,300 acres were planted with new forest. Administrative penalties may apply for the violation of any part of the Act, including (1) failing to follow the terms of a specific forest conservation plan; (2) obtaining forest conservation plan approval through misrepresentation or failure to disclose relevant facts; and (3) violating the terms and provisions of an easement, covenant, deed, or restriction governing a forest mitigation bank.

For further information contact:

Forest Service  
Department of Natural Resources  
E-1 Tawes State Office Building  
580 Taylor Avenue  
Annapolis, Maryland 21401  
(410) 260-8501  
Web Site: <http://www.dnr.state.md.us/>

## **Wildlife Management**

The Wildlife and Heritage Service provides technical assistance and expertise to the public and private sectors for the conservation of Maryland's wildlife resources, including the management of threatened and endangered species, game birds and mammals, and the operation of 105,000 acres of State-owned lands classified as Wildlife Management Areas. The service regulates the hunting and wildlife management industry by licensing a variety of activities and professionals including taxidermy, game husbandry, falconry, regulated shooting areas, waterfowl hunting guides, and wildlife rehabilitators.

According to a 2001 study by the U.S. Fish and Wildlife Service, retail sales of hunting equipment and supplies generates approximately \$125.9 million in economic activity each year in the State.

For further information contact:

Wildlife and Heritage Service  
Department of Natural Resources  
Tawes State Office Building  
580 Taylor Avenue  
Annapolis, Maryland 21401  
(410) 260-8536  
Web Site: <http://www.dnr.state.md.us/>

## **Boating**

State regulation of the boating industry is limited. A dealer or manufacturer who buys, sells, or exchanges new or unused vessels, or who manufactures or imports new or unused vessels for the purpose of sale or trade, is required to obtain a boat dealers license from the department's Licensing and Watercraft Registration Service. To qualify for a license, the dealer must post a surety bond. Out-of-state dealers and manufacturers are exempt from licensing if they only display and sell their vessels at a boat show, boat exposition, or outdoor recreation show. Licensed dealers are authorized to issue temporary registrations and collect the required excise tax on the sale of boats.

Marinas or other commercial interests desiring to place more than two moorings in the waters of the State must obtain a group mooring permit from the Natural Resources Police. Those in the business of renting personal watercraft must post and advise all renters of the personal watercraft regulations.

All Maryland vessels, whether commercial or recreational, must be registered. This involves applying for a Certificate of Title (\$2 fee) as well as annual registration (\$24 fee). The service operates seven regional service centers to assist the public with boat titling and registration.

For further information contact:

Licensing and Watercraft Registration Service  
Department of Natural Resources  
Tawes State Office Building  
580 Taylor Avenue  
Annapolis, Maryland 21401  
(410) 260-8536  
Web Site: <http://www.dnr.state.md.us/>

## **Regulation of the State's Critical Areas**

The department regulates development and land use activities within the State's critical areas through the Chesapeake Bay Critical Area Protection Program. The program, established in 1984, controls land use development along a 1,000-foot shoreline strip around the Chesapeake Bay and its tributaries. The Chesapeake Bay Critical Area Commission developed criteria that were used by local jurisdictions to develop individual critical area programs and to amend local comprehensive plans, zoning ordinances, and subdivision regulations. The programs that have subsequently been adopted by local governments are designed to address the unique characteristics and needs of each county and municipality, and together they represent a comprehensive land use strategy for preserving and protecting the Chesapeake Bay.

Legislation enacted in 2002 applies the already existing provisions of the Chesapeake Bay Critical Area Protection Program and corresponding regulations to the Atlantic Coastal Bays Critical Area. In addition to all waters of the coastal bays and their tributaries and all areas within 1,000 feet of wetlands and the heads of tides, the Atlantic Coastal Bays Critical Area includes areas proposed for inclusion by local jurisdictions and approved by the Critical Areas Commission for the Chesapeake Bay and Atlantic Coastal Bays.

Sixty local governments, whose jurisdictions are partially or entirely within the critical areas, administer local critical area management plans that establish limitations on development within the critical area. Worcester County, whose Atlantic Coastal Bays were added under the 2002 legislation, expects completion of its Critical Area plan by the end of 2002.

For further information contact:

Critical Area Commission for the Chesapeake Bay and Atlantic  
Coastal Bays  
1804 West Street, Suite 100  
Annapolis, Maryland 21401  
(410) 260-3460  
Web Site: <http://www.dnr.state.md.us/>

## **Enforcement of Natural Resources Management**

The Maryland Natural Resources Police is responsible for enforcement of the regulations pertaining to commercial fishing, aquaculture, wildlife, and boating.

Regular patrols and inspections by police officers assigned to the different activities provide for the enforcement of and compliance with the State's laws and regulations governing natural resources management. The police maintains statistics on the number of personnel hours expended on the different regulatory activities, the number of inspections conducted, the number of citations and warnings issued, and the number of reported incidents.

For further information contact:

Maryland Natural Resources Police  
580 Taylor Avenue, E-3  
Tawes State Office Building  
Annapolis, Maryland 21401  
(410) 260-8884  
Web Site: <http://www.dnr.state.md.us/>

## **Chapter 7. Financial Services Industry**

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The financial services industry in Maryland is regulated by the Division of Financial Regulation of the Department of Labor, Licensing, and Regulation and the Securities Division of the Office of Attorney General. The Division of Financial Regulation regulates financial institutions and related industries and enforces the lending laws. The Securities Division regulates investment firms and related industries and enforces the securities laws. This chapter describes the role of these State agencies in regulating the financial services industry.

### **Administration of State Lending Laws**

Under the direction and authority of the Commissioner of Financial Regulation, the Division of Financial Regulation regulates State-chartered and State-licensed financial institutions operating in Maryland. These include commercial banks, savings banks, trust companies, credit unions, money transmitters, consumer lenders, sales finance companies, installment lenders, debt collection agencies, check cashers, mortgage lenders, and credit services businesses. The activities of the commissioner are prescribed by Titles 1 through 7, 11, and 12 of the Financial Institutions Article of the Annotated Code of Maryland. In addition, the commissioner has the authority to monitor and approve certain activities found in Title 12 and Title 14 of the Commercial Law Article and Title 7 of the Business Regulation Article.

The division is divided into two units:

- The Banking Unit supervises Maryland's State-chartered commercial banks, savings banks, trust companies, and credit unions to assure their safety and soundness. Further, it approves organizational changes within these financial institutions, and licenses money transmitters.
- The Consumer Credit Unit licenses consumer lenders, sales finance companies, installment lenders, debt collection agencies (through the State Collection Agency Licensing Board), check cashers, and mortgage lenders. Additionally, it handles complaints and responds to questions from the public concerning charge accounts, credit cards, installment sales contracts, automobile repossessions, foreclosures, credit reports, credit services, and discrimination in granting credit.

The commissioner may undertake investigations to determine whether any person has violated any law, regulation, rule, or order over which the commissioner has jurisdiction. The commissioner has powers to enforce the laws and regulations against

individuals and entities that are licensed by the division, as well as those that are not. The commissioner may suspend or revoke a license, issue a cease and desist order, and impose a fine. During fiscal 2001 the commissioner assisted in resolving over 2,400 complaints, resulting in a recovery of approximately \$1.2 million for consumers. In addition, \$475,000 in fines and penalties were collected from violators of State law.

For further information contact:

Division of Financial Regulation  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Room 402  
Baltimore, Maryland 21202  
(410) 230-6100  
Web Site: <http://www.dllr.state.md.us/finance>

### **Banks and Bank Holding Companies**

Three types of State banking charters are supervised by the Division of Financial Regulation: commercial banks, savings banks, and trust companies. Commercial banks offer a full range of banking services and are organized as stock corporations with certain minimum capital requirements. Savings banks, originally chartered as mutual associations to encourage thrift among individuals and provide residential mortgages, are mutually owned by their depositors. Full service trust companies offer a full range of banking and trust services while nondepository trust companies offer only trust services. There are no State-chartered savings and loan associations.

At the end of fiscal 2001, there were 71 State-chartered banks and trust companies, with an asset base of about \$41 billion. Banks and trust companies are subject to an annual assessment of \$1,000, plus \$.08 for each \$1,000 of the assets of the institution over \$1 million.

The Maryland Banking Board, an advisory group consisting of the State Comptroller and eight members appointed by the Governor, functions to provide sound and impartial advice on bank applications submitted to the commissioner and other general matters concerning the business of banking in Maryland.

National banks are chartered by the U.S. Comptroller of the Currency, the counterpart of the State regulator. Federal savings banks and federal savings and loan associations, which may be owned by either stockholders or depositors, are chartered and supervised by the Office of Thrift Supervision.

A federally-chartered financial institution may convert its charter status to a State charter, merge with a State-chartered financial institution, or be acquired by a State-chartered institution by following the application process specified in State law. In fiscal 2000 and 2001, several federally-chartered banks converted to State-chartered status.

For further information about federally-chartered financial institutions contact:

Office of the Comptroller of the Currency  
U.S. Department of the Treasury  
Washington, DC 20219  
(800) 613-6743  
Web Site: <http://www.occ.treas.gov/>

Office of Thrift Supervision  
U.S. Department of the Treasury  
1700 G Street, N.W.  
Washington, DC 20552  
(800) 842-6929  
Web Site: <http://www.ots.treas.gov>

### **Examination and Insurance**

State-chartered banks and trust companies are examined at least once every 18 months by the Commissioner of Financial Regulation. Further, a bank may be examined by the Federal Deposit Insurance Corporation or the Federal Reserve Bank of Richmond, if the bank chooses to be a member of a federal entity. Both federal entities accept State examinations in lieu of conducting their own. State-chartered nondepository trust companies are examined solely by the Commissioner of Financial Regulation.

Membership in both the Federal Deposit Insurance Corporation and the Federal Reserve System is mandatory for national banks. Federal savings banks are insured by the Savings Association Insurance Fund, a subsidiary of the Federal Deposit Insurance Corporation.

The Federal Deposit Insurance Corporation insures members' deposits up to \$100,000. Nondeposit investment products, such as mutual funds, stocks, and bonds, are not covered by Federal Deposit Insurance Corporation insurance.

For further information contact:

Federal Deposit Insurance Corporation  
Washington, DC 20429  
(877) 275-3342  
Web Site: <http://www.fdic.gov/>

Federal Reserve Bank of Richmond  
701 East Byrd Street  
Richmond, Virginia 23219  
(804) 697-8000  
Web Site: <http://www.rich.frb.org/>

### **Interstate Banking and Branching**

Under federal law, any entity that owns or controls 5 percent or more of the stock of a commercial bank must register with the Federal Reserve Board as a bank holding company. The Federal Reserve Board reviews applications for acquisitions by bank holding companies and subsidiaries of bank holding companies whose activities are deemed incidental to or closely related to banking. Almost all laws and regulations relating to bank holding companies operating in Maryland are enforced by the Federal Reserve Board.

In response to federal law, Maryland law includes an application and approval process through the Commissioner of Financial Regulation for bank holding companies that want to acquire Maryland banks or Maryland bank holding companies. In approving the acquisition, the commissioner must consider whether the acquisition would be detrimental to the safety and soundness of the Maryland bank or Maryland bank holding company or result in an undue concentration of resources or a reduction of competition in the State.

Also under federal law, bank holding companies may engage in interstate banking and branching subject to some limited State regulation. Enacted in 1995, one of the primary purposes of this federal law was to create a seamless, nationwide banking system that allows customers to bank more easily across state lines. In response to federal law, Maryland law allows banks chartered by states other than Maryland to establish branches in Maryland, upon approval by their home state regulator. At the end of fiscal 2001, there were seven other state banks operating in Maryland through branches. These branches are regulated by the banking departments in the home state in which the banks are chartered.

Maryland law also allows a Maryland bank to establish branches within or outside of Maryland, upon approval by the commissioner. A Maryland bank may establish a branch in another state by any means allowed by the laws of that state or by federal law. A Maryland bank that establishes a branch in another state may exercise at that branch all powers and rights granted to banks in that state unless the commissioner determines that the exercise of a power or right would threaten the safety and soundness of the bank.

## **Credit Unions**

In order to make financial services available to persons not served by banks or savings and loans, State-chartered credit unions were established in Maryland in 1929. Federal law enacted in 1934 provided for the creation of similar institutions to be regulated at the federal level. Credit unions are nonprofit, financial cooperatives composed of members who share a certain field of membership or common bond. Under both federal and State law, credit unions may serve members who all have one common bond, several groups of members in which the members in each individual group share a common bond (“multiple common bond”), or members that share a “community common bond.” For the benefit of their members, credit unions offer checking and saving products and loans that are similar to banks, but at a cost that is generally lower due to their nonprofit and tax exempt status.

The Commissioner of Financial Regulation charters, supervises, and examines all State-chartered credit unions. Credit unions with assets of \$300,000 or greater are subject to an annual assessment of \$1,000, plus \$.08 for each \$1,000 of the assets of the institution over \$1 million. At the end of fiscal 2001, there were 11 State-chartered credit unions operating in Maryland, with an asset base of about \$2.2 billion. The laws regulating State-chartered credit unions were modernized in 2001 to foster an environment that allows State-chartered credit unions to compete more effectively with their federal counterparts.

The National Credit Union Administration, an independent federal agency, charters, supervises, and examines all federally-chartered credit unions. At the end of fiscal 2001, there were 131 federally-chartered credit unions operating in Maryland.

## **Examination and Insurance**

State-chartered credit unions are examined at least once every 18 months by the Commissioner of Financial Regulation. Credit unions may also be examined by their insurer. Credit unions have a choice as to whether to be insured by a private insurer that is licensed in Maryland or the National Credit Union Administration. The only private

insurer operating in Maryland, the Credit Union Insurance Corporation, is a nonprofit nonstock corporation established under State law to provide insurance for the share and deposit accounts of State-chartered credit unions. The commissioner is authorized to license other private insurers, at which time the Credit Union Insurance Corporation is to begin a transition for dissolution.

A private insurer is required to provide insurance to State-chartered credit unions on the same basis and at least to the same extent and amount as its federal counterpart. At the end of fiscal 2001, five State-chartered credit unions were insured by the Credit Union Insurance Corporation and six by the National Credit Union Administration.

The National Credit Union Administration insures all federally-chartered credit unions and those State-chartered credit unions that apply and qualify for National Credit Union Administration coverage. The National Credit Union Administration conducts annual examinations of all federally-chartered credit unions.

The National Credit Union Administration administers the National Credit Union Share Insurance Fund which protects credit union members' deposits up to \$100,000. Each insured credit union is required to keep an amount equal to 1 percent of its insured savings on deposit with National Credit Union Administration.

For further information contact:

Credit Union Insurance Corporation  
8501 LaSalle Road  
Baltimore, Maryland 21286  
(410) 321-6641

National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314  
(703) 518-6300  
Web Site: <http://www.ncua.gov/>

## **Money Transmitters**

The Commissioner of Financial Regulation regulates and licenses sellers of money orders and traveler's checks and those who receive money for transmission to others, known as money transmitters, operating in Maryland. First enacted in Maryland in 1959, the laws regulating money transmitters were updated in 2002 to more effectively regulate the current practices of money transmitters. Money transmitter services include bill

payer services, accelerated mortgage payment services, informal money transfer systems outside the conventional financial institutions system, and money transmissions conducted over the Internet.

To qualify for a money transmitter license, an applicant must meet specific requirements designed to protect consumers. In particular, the applicant must satisfy the commissioner that the applicant (1) is of good moral character and has sufficient financial responsibility, business experience, and general fitness to engage in the business of money transmission; and (2) has a certain net worth. Additionally, the applicant must pay a \$4,000 biennial licensing fee and a \$1,000 investigation fee and meet certain bonding requirements. During fiscal 2001, 38 licensees were issued at 39 locations throughout the State. During calendar 2000 these licensees performed \$24.1 million transactions, totaling \$14 billion.

### **Consumer Credit**

The Commissioner of Financial Regulation is responsible for licensing consumer lenders, sales finance companies, installment lenders, debt collection agencies (through the State Collection Agency Licensing Board), check cashers, and mortgage lenders. Exhibit 7.1 shows the number of consumer credit licenses issued by the commissioner in fiscal 2001.

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**Exhibit 7.1**  
**Consumer Credit Licenses**  
**Fiscal 2001**

Consumer Lenders	236
Sales Finance Companies	568
Installment Lenders	317
Debt Collection Agencies	1,041
Check Cashers	165
Mortgage Lenders	2, 873

Source: Annual Report of the Commissioner of Financial Regulation

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### **Consumer Loans**

The Commissioner of Financial Regulation regulates persons who make small consumer loans (under \$6,000) under Title 12, Subtitle 3 of the Commercial Law Article. These persons include individuals and any type of business entity. The maximum permissible annual interest rate for small consumer loans varies with the amount of the loan, up to 33 percent.

Licensure by the commissioner is required in order to engage in business as a consumer lender. A separate license is required for each place of business where a person makes a loan or transacts business under the Maryland consumer loan law. To qualify for a consumer lender license, an applicant must meet specific requirements designed to protect consumers. In particular, the applicant must satisfy the commissioner that (1) the applicant has at least \$20,000 in liquid assets; (2) the business will promote the convenience and advantage of the community in which the place of business will be located; and (3) the applicant has sufficient experience, character, financial responsibility, and general fitness to command the confidence of the public and to warrant the belief that the business will be operated lawfully. Additionally, the applicant must pay a \$1,700 biennial licensing fee and a \$100 investigation fee and meet certain bonding requirements.

### **Sales Financing**

A sales finance company is any individual or business entity that is engaged in the business of acquiring, investing in, or lending money or extending credit on the security of any interest in an installment sales agreement, a retail credit account transaction, or a home improvement transaction.

An installment sales agreement is a contract for the retail sale of goods under which part of the price is payable in one or more payments and the seller takes collateral security or keeps a security interest. A retail credit account transaction is an agreement for the retail sale of goods or services that is negotiated at the time a sales price is established.

A home improvement transaction is an agreement between parties for the repair, replacement, renovation, alteration, conversion, modernization improvement, or addition to any land or building designed to be used as a residence for one, two, or three single-family units, if collateral security is required by and given to the contractor as a condition of the transaction.

Licensure by the commissioner is required in order to engage in the business as a sales finance company. To apply, an applicant must pay a \$250 biennial license fee and a \$100 investigation fee. A separate license is required for each place of business. State and national banking institutions are exempt from licensure.

### **Installment Loans**

Installment loans and extensions of credit made to individuals are regulated under three provisions of the Commercial Law Article:

- Section 12-103(a)(3) and (c): for unsecured and certain secured loans;
- Title 12, Subtitle 9: for loans that are revolving credit plans; and
- Title 12, Subtitle 10: for loans that are closed end credit plans.

Installment loans provide for a maximum annual rate of interest not in excess of 24 percent on the unpaid principal balance of the loan. However, the law under which the loan is made may restrict the allowable terms of repayment and security.

Licensure by the commissioner is required to engage in the business of making installment loans. An applicant for an installment loan license must pay a \$1,700 biennial licensing fee and a \$100 investigation fee and meet certain bonding requirements. A license is not required for a person not engaged in the business of making installment loans who makes five or fewer loans a year or if the loan is:

- between relatives;
- between an employer and employee;
- between a landlord and tenant; or
- between primary, secondary, or nonprofit degree-granting postsecondary academic educational institutions and a student, or parent or guardian of a student, for educational expenses.

Certain other financial institutions engaging in the business of making installment loans are exempt from licensing if they are otherwise qualified to do business in Maryland.

### **Debt Collection**

A debt collection agency is any individual or entity that engages directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim. A consumer claim is defined as a claim that: (1) is for money owed by a resident of the State; and (2) arises from a transaction in which the resident got credit, money, property, or services.

Under Title 7 of the Business Regulation Article, an individual or entity may not engage in the business of a collection agency in this State without first paying a \$400 biennial license fee and filing a surety bond with the State Collection Agency Licensing Board. If an applicant operates several places of business, separate applications for licenses must be made for each place of business.

The Commissioner of Financial Regulation serves as the board chairperson. The board has the power to (1) issue, suspend, and revoke licenses and reprimand licensees; (2) handle complaints and conducts hearings; and (3) mediate disputes between consumers and debt collection agencies.

### **Check Cashers**

Check cashing services mean the acceptance or cashing, for compensation, of a payment instrument regardless of the date of the payment instrument. A payment instrument is a check or a drafter ordering an individual or entity to pay money. An individual or entity may not engage in the business of providing check cashing services in this State without first paying a \$1,000 biennial license fee and a \$100 investigation fee with the Commissioner of Financial Regulation. An applicant is also subject to a criminal history background check. A separate license is required for each place of business.

To qualify for a check cashers license, an applicant must meet certain requirements designed to protect consumers. In particular, the applicant must satisfy the commissioner that (1) the business will promote the convenience and advantage of the community in which the place of business will be located; and (2) the applicant has sufficient experience, character, financial responsibility, and general fitness to command the confidence of the public and to warrant the belief that the business will be operated lawfully, honestly, fairly, and efficiently.

The licensing scheme limits the fee a check cashing service outlet may charge a percentage of the check being cashed, ranging from 2 to 10 percent, depending on the type of check. Except for a one-time membership fee not to exceed \$5, a licensee may

not charge any other fee, including late fees or other service fees, for accepting or cashing a payment instrument in excess of the greater of:

- 2 percent of the face amount of the payment instrument or \$3, if the payment instrument is issued by a governmental entity;
- 10 percent of the face amount of a payment instrument or \$5, if the payment instrument is a personal check; or
- 4 percent of the face amount of the instrument or \$5, for any other payment instrument.

Check cashing services that are exempt from regulation under Title 12, Subtitle 1 of the Financial Institutions Article include (1) services for which a fee of up to 1.5 percent of the payment amount is charged and that are incidental to the retail sales of the goods and services; and (2) transactions that are subject to the Maryland consumer loan law where a maximum 33 percent interest rate per annum applies. Certain other financial institutions are exempt from licensing if they are otherwise qualified to do business in Maryland.

Maryland law prohibits certain deferred presentment transactions, also known as deferred deposit services, cash advances, or payday loans. In a typical transaction, a consumer writes a post-dated check for a certain amount, and the lender gives the consumer the cash amount less the lender's fee. The lender agrees to hold the check until the check's date or until the customer settles the account. The fee for this service ranges from \$15 to \$30 per \$100 check. In Maryland, these transactions are subject to Maryland's usury and consumer loan laws and, therefore, a fee for a payday loan or a deferred deposit service that equates to an annual interest rate that exceeds the 33 percent per annum usury law cap is unlawful.

### **Mortgage Loans**

A mortgage lender is any individual or entity that brokers, makes, or services a loan or other extension of credit secured by a lien on residential real property. The mortgage may be categorized as a first or second mortgage loan, a secured open-end line of credit, or a closed-end mortgage.

Under Maryland's Mortgage Lender Law, a mortgage loan is any loan or other extension of credit secured in whole or in part by an interest in residential real property in Maryland if made in any amount for personal, household, or family purposes, or if for commercial purposes up to \$75,000.

An individual or entity may not engage in the business of a mortgage lender in this State without first obtaining a license from the commissioner. License applicants must pay a \$1,000 biennial license fee and a \$100 investigation fee and meet certain bond requirements. Criminal history background checks are performed on all applicants. The commissioner examines new mortgage lenders within 18 months of licensure and examines all mortgage lenders at least once within every three-year period. Licensing does not apply to certain financial institutions that take deposits, insurance companies, or certain federal corporations. Individuals or entities that make three or fewer mortgage loans per calendar year and broker no more than one mortgage loan per year are exempt from licensure.

There is no maximum rate of interest for first mortgages made in compliance with Section 12-103(b) of the Commercial Law Article. All other loans secured by an interest in residential real property are subject to a maximum rate of 24 percent simple interest per annum computed on the unpaid principal balance outstanding.

Predatory lending involves originating a mortgage loan by deceiving the consumer on the benefits of the loan. To assist in combating this problem seen primarily in high cost loan transactions, consumer protections are provided in State law. In particular, these protections are directed at loans that meet the criteria for a loan subject to the federal Home Ownership Equity Protection Act. The protections also apply to loans that meet the criteria subject to the federal act but are one percentage point lower than comparison percentages for a loan under the federal act.

Protections include prohibiting a mortgage lender from financing single premium credit health, credit life, or credit involuntary unemployment benefit insurance as part of a covered loan and from making covered loans without giving due regard to the borrower's ability to repay the loan in accordance with its terms. Lenders must provide potential borrowers with a written recommendation that the borrower seek home buyer education or housing counseling and information on where to obtain the counseling.

### **Consumer Reporting Agencies and Credit Services Businesses**

A consumer reporting agency, commonly referred to as a credit reporting agency, is any individual or entity that engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of commerce for the purpose of preparing or furnishing consumer reports. The largest consumer reporting agencies are Experian, Equifax Information Services, and TransUnion Corporation.

Consumer reporting agencies are not required to be licensed in Maryland. However, under Title 14, Subtitle 12 of the Commercial Law Article, the Commissioner of Financial Regulation handles complaints alleging violations of the credit reporting agency law. The commissioner may hold hearings, issue orders for compliance with the law, and issue cease and desist orders if a pattern and practice of violations is found. Maryland residents are entitled to free copies of their credit reports once every 12 months, upon request and proper identification. A second or subsequent report made during a 12-month period for a consumer may not exceed \$5.

A credit services business is any individual or business entity that, with respect to the extension of credit by others, sells, provides, or performs or represents that individual or entity may provide any of the following services: (1) improving a consumer's credit record, history, or rating or establishing a new credit file or record; or (2) obtaining an extension of credit for a consumer.

Under Title 14, Subtitle 19 of the Commercial Law Article, a credit services business may not sell its services without being licensed. The Commissioner of Financial Regulation handles complaints alleging violations of the credit services business law. The commissioner may hold hearings, issue orders for compliance with the law, issue cease and desist orders if a pattern and practice of violations of the law is found, and impose fines.

### **Administration of State Securities Laws**

Under the discretion and authority of the Securities Commissioner, the Securities Division of the Office of the Attorney General administers a system of licensing and registration and takes enforcement action against violators of Maryland's investment-related laws. Regulation of the securities market seeks to protect Maryland investors from fraud and misrepresentation.

The activities of the Securities Commissioner are prescribed by Title 11 of the Corporations and Associations Article and Title 14, Subtitles 1 and 2 of the Business Regulation Article. The division administers and enforces the Maryland Securities Act, the Maryland Franchise Registration and Disclosure Law, and the Maryland Business Opportunity Sales Act. Violators of these laws are subject to administrative sanctions and civil and criminal penalties.

The responsibilities of the division include:

- reviewing and registering offerings of nonexempt securities;

- registering and disciplining broker-dealers and agents (brokerage firms and their employee stockbrokers) that do business in the State, regardless of home base or location;
- registering State investment advisers and investment adviser representatives (firms and individuals) that do business in the State and overseeing their conduct and standards of practice;
- processing notice filings of federal investment advisers that do business in the State but who are registered by the U.S. Securities and Exchange Commission;
- reviewing and registering franchise offerings made in the State;
- registering business opportunity sales;
- initiating investigations, administrative actions, civil enforcement actions, and referrals for criminal prosecution; and
- issuing interpretive opinions and “no-action” letters in response to inquiries concerning the division’s interpretations of Maryland law.

The National Securities Markets Improvement Act of 1996 reallocated the regulatory authority of the federal Securities and Exchange Commission and the states. Since the federal Act preempts certain Maryland registration laws including fee provisions and reporting, record keeping, and bonding requirements, the Maryland Securities Act was amended to conform to the federal Act.

The work of the division is reflected in the statistics provided in Exhibit 7.2.

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**Exhibit 7.2**  
**Securities Division Statistics**  
**Fiscal 2001**

Broker/Dealer Registrations (stock brokerage firms)	2,508
Agent Registrations (stockbrokers)	157,011
Investment Advisers Registrations (firms)	1,431
Investment Adviser Representatives Registrations (employees)	6,393
Securities Registration Filings	20,551
Franchise Registrations	970
Business Opportunity Filings	17
Registration Fees, Fines, and Restitution Obtained	\$21,700,343
Active Case Investigations and Inquiries	1,482

Source: Securities Division of the Office of the Attorney General

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## **Securities, Broker-Dealers, and Agents**

The Maryland Securities Act (Title 11 of the Corporations and Associations Article), also called the “Blue Sky” Law, regulates the offer and sale of securities in the State by requiring both the registration of firms and individuals selling the securities and the registration of the securities of the issuing company. The division reviews registration filings to ensure they adequately disclose to potential purchasers the risks of the investment and other important factors relevant to a consumer’s decision to purchase.

A broker-dealer is any individual or entity, including a stock brokerage firm, engaged in the business of effecting transactions in securities for the account of others or for his own account. The annual fee to register as a broker-dealer is \$250.

An agent is any individual other than a broker-dealer who represents a broker-dealer or an issuer of security in effecting or attempting to affect the purchase or sale of securities. The annual fee to register as an agent is \$35.

The Securities Commissioner may require registered broker-dealers to have a certain minimum amount of capital, subject to the limitations of the federal Securities Exchange Act of 1934. Subject to the limitations of this federal law, the commissioner may also require registered broker-dealers, as well as agents, to satisfy certain bonding requirements. Broker-dealers are required to maintain records of transactions for the division’s inspection.

The registration of a securities offering or an initial filing of a mutual fund or unit investment trust notice requires the payment of a \$500 fee. The annual fee for a registration of a public offering or a renewal or completion notice of a mutual fund or unit investment trust is one-tenth of 1 percent of the aggregate offering price of the shares offered, although minimum and maximum fees apply.

A limited number of securities transactions are exempt from registration, including (1) a small Maryland business raising less than \$100,000 from investors without hiring a broker or underwriter; (2) corporations and partnerships offering an unlimited amount of securities to a limited number of purchasers; and (3) offers and sales that satisfy certain federal filing requirements that exempt smaller transactions from registration.

Federal law requires that broker-dealers operating in interstate commerce belong to the National Association of Securities Dealers, Inc. The association sponsors an arbitration forum for the resolution of disputes that involve public customers, broker-dealers, or persons associated with broker-dealers.

## **Investment Advisers**

Subject to the requirements of the National Securities Markets Improvement Act of 1996, investment advisers must also register with the division under the Maryland Securities Act. Maryland law also requires registration of employees of an investment adviser (called “investment adviser representatives”) who have contact with clients concerning investment financial advice.

An investment adviser is any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. An investment adviser also includes any person who, for compensation (1) provides or offers to provide, directly or indirectly, financial and investment counseling or advice, on a group or individual basis; or (2) gathers information relating to investments, establishes financial goals and objectives, processes and analyzes the information gathered, and recommends a financial plan.

Investment advisers are required to make disclosures to their clients concerning their background and experience, fees, and potential or actual conflicts of interests that may arise in the course of advising or undertaking transactions for clients. The commissioner may require that certain capital conditions be satisfied before registering an investment adviser. The annual fee to register as an investment adviser is \$300 and the annual fee to register as an investment adviser representative is \$50.

## **Franchises**

Under the Maryland Franchise Registration and Disclosure Law (Title 14, Subtitle 2 of the Business Regulation Article), an individual or entity that intends to sell franchises within Maryland or to Maryland residents must register its franchise offering with the division. A franchise is an agreement in which a purchaser, upon payment of a fee, is granted the right to engage in the business of offering, selling, or distributing goods or services under a marketing plan or system provided by the franchisor.

As part of the registration process, a franchisor must file with the division a disclosure document that discusses all material information necessary for a potential franchisee to make an informed investment decision. A prospective franchisee must receive a copy of the disclosure document at least ten business days prior to the execution of a franchise agreement.

The fee for an initial registration is \$500, which must be renewed annually for a \$250 fee. The fee to amend a registration statement is \$100; the fee to apply for an exemption from registration is \$250.

### **Business Opportunities**

The Maryland Business Opportunity Sales Act (Title 14, Subtitle 1 of the Business Regulation Article) regulates the sale of “business opportunities” by requiring the sellers of such arrangements to make certain filings prior to advertising or making representations to prospective purchasers. Business opportunities are prepackaged small business deals usually offered to novice entrepreneurs through classified advertisements, home seminars, and business opportunity expositions. Typical business opportunity deals involve the sale of vending machines, pay telephones, amusement devices, greeting card display racks, and 900 telephone numbers.

Sellers are required to file a disclosure statement and may be required to post a \$50,000 bond. The disclosure must include the seller’s experience, a description of the actual services that the business opportunity seller will perform for the purchaser, and financing arrangements. The seller must provide the prospective purchaser with a copy of the disclosure at least ten business days before a purchaser enters into an agreement.

The fee for a business opportunity filing is \$250, which must be renewed annually for a \$100 fee. Amendments to a filing require a \$50 fee.

### **Interpretive Opinions and “No-action” Letters**

Interpretive opinions and “no-action” letters are generated by the Division of Securities in response to specific inquiries from issuers, broker-dealers, and other firms or individuals about the division’s interpretation of Maryland law. The Securities and Exchange Commission performs this function on the federal level. The fee for an interpretive opinion is \$100.

For further information contact:

Maryland Division of Securities  
Office of the Attorney General  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360  
Web Site: <http://www.oag.state.md.us/securities>

Securities and Exchange Commission  
Office of Investor Education and Assistance  
450 5th Street, N.W.  
Washington, DC 20544  
1-800-SEC-0330  
Web Site: <http://www.sec.gov/>

National Association of Securities Dealers, Inc.  
Office of Dispute Resolution  
1735 K Street, N.W.  
Washington, DC 20006  
(202) 728-8958  
Web Site: <http://www.nasdr.com/>

## Chapter 8. Insurance

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The insurance industry offers protection against the damaging consequences of an unexpected loss by distributing the risk of that loss among consumers. Nationwide, the business of insurance is regulated at the state level. The Maryland Insurance Administration is the agency responsible for oversight and regulation of the industry in Maryland. This chapter describes the responsibilities of the administration and the regulatory structure of the insurance industry, including the licensing requirements for insurance companies and producers and the process for filing consumer complaints.

### Insurance Administration

The Maryland Insurance Administration achieved independent status in State government as a result of legislation enacted in 1993. From 1970 to 1993 the administration was a division of the then Department of Licensing and Regulation. The Insurance Commissioner directs the administration and ensures that all State laws governing insurance companies or relating to the business of insurance are faithfully executed. The administration is accredited by the National Association of Insurance Commissioners.

The administration's organization includes the following functional sections: examination and auditing; life insurance and health insurance; property and casualty insurance; licensing; consumer complaint investigation; insurance fraud; compliance and enforcement; and the Maryland Health Insurance Plan.

The administration's specific regulatory functions include:

- authorizing and licensing insurance companies, insurance producers, adjusters and advisers, premium finance companies, and motor clubs;
- assuring adequate insurance protection at reasonable costs;
- assessing, levying, and collecting taxes on insurance premiums and other fees;
- investigating and resolving complaints and answering questions of policyholders;
- reviewing and approving insurance rates, policies, and forms;
- educating the public about insurance;
- periodically examining insurance companies for financial solvency, statutory compliance, and unfair business practices; and
- scrutinizing nonresident companies doing business in the State.

The administration regulates two major types of insurance:

- property and casualty, including fire, burglary, general liability, motor vehicle, inland marine, commercial multi-peril, fidelity-surety, title, and homeowners; and
- life and health, including variable products, credit life, Medicare supplementation (“medigap”), and specified diseases.

## **Regulatory Structure**

Maryland insurance laws require companies to be licensed and comply with company formation and financial standards in order to offer insurance in the State. Insurance companies must maintain an adequate level of assets, capital, surplus, and reserves, and are prohibited from engaging in unfair or deceptive methods of pricing or marketing insurance policies.

Insurance may be provided by insurers formed under the laws of Maryland, another state, or another country. Only an estimated 7 percent of the insurance companies operating in Maryland are domestic companies; the remainder are companies formed under the laws of another state or nation.

Authorized insurers are licensed by the Maryland Insurance Administration to write policies in the State, while surplus lines carriers are approved to provide insurance in the State only if the insurance they provide is not available from an authorized insurer. In addition, Maryland allows for the operation of nonprofit health service plans (e.g., CareFirst BlueCross BlueShield), health maintenance organizations, dental plans, and fraternal benefit societies. Unauthorized insurers are generally prohibited from operating in the State. However, exceptions are made for a variety of activities including nondomestic reinsurance, the fulfillment of obligations made as an authorized insurer, and the services of an adjuster with respect to a claim under a policy lawfully solicited, issued, and delivered outside of Maryland.

The Property and Casualty Insurance Guaranty Corporation, a private, nonprofit corporation created by law under Title 9, Subtitle 3 of the Insurance Article of the Annotated Code of Maryland, provides a mechanism for the payment of unpaid property and casualty claims to residents of Maryland who are policyholders of insolvent insurers. It does not pay claims on insurance written on a surplus lines basis or by a risk retention group or unauthorized insurer. The Life and Health Insurance Guaranty Corporation, created by State law under Title 9, Subtitle 4 of the Insurance Article, provides similar protection to unpaid health, life, and annuity claims made to insolvent insurers, health maintenance organizations, fraternal benefit societies, State pooling plan mutual assessment companies, and insurance exchanges. As a condition of authority to transact

business in the State, all insurers that write the type of insurance which pays claims are required to be members of the appropriate corporation.

### **Assessment of Taxes and Fees**

All insurance companies are assessed taxes and fees collected by the administration. A 2 percent premium tax is imposed on almost all policy premiums written by authorized insurance companies. A 3 percent tax is imposed on all premiums placed by licensed surplus lines brokers and unauthorized insurance companies. A retaliatory tax is imposed on foreign insurers whose home state or charter requires the payment of a higher rate than that levied by Maryland. Revenues from these taxes are deposited in the State's general fund. The administration may retain its costs to assess and collect the premium tax in an administrative account.

In addition to the taxes imposed on insurers, the administration collects fees for producer filings and licensing, form filings, certificates of authority, financial and market conduct examinations, and fraud prevention. Revenues from filing, licensing, examination, and fraud prevention fees are deposited into the Insurance Regulation Fund, a special fund established by legislation enacted in 1998 to pay for the operations of the administration. The administration also collects fines and penalties, revenues from which are deposited into the general fund.

The Insurance Regulation Fund also consists of an assessment levied on insurers. Legislation was enacted in 2002 requiring the assessment to equal 60 percent of the administration's approved annual budget appropriation beginning in fiscal 2003. Health insurers pay 40 percent of the assessment, life insurers pay 26 percent, and property and casualty insurers pay 34 percent. Prior to the 2002 enactment, the assessment was capped at 40 percent of the administration's approved budget appropriation.

The taxes and fees collected by the administration are summarized in Figure 8.1 below.

**Exhibit 8.1**  
**General and Special Fund Revenues**  
**(\$ in Millions)**  
**Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
General Fund Revenues:		
Premium and Retaliatory Taxes	\$171,637	\$183,193
Fines and Penalties	1,951	1,267
Total	175,539	184,460
Insurance Regulation Fund Revenues:		
Insurer Assessment	-- <sup>1</sup>	8,158
Insurer Licensing Fees	1,139	1,046
Agent/Broker (Producer <sup>2</sup> ) Licensing Fees	4,637	3,453
Rate and Form Filing Fees:		
Life and Health	1,315	1,274
Property and Casualty	1,520	1,532
Examination Fees	679	1,039
Fraud Prevention Fees	1,634	2,033
Fund Total	\$10,924	\$18,535

<sup>1</sup> The assessment for fiscal 2000 was credited in fiscal 1999.

<sup>2</sup> Producer licensing began in fiscal 2002.

Note: Totals may not add due to rounding.

Source: Maryland Insurance Administration

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## Licensing, Examination, and Auditing of Insurance Companies

The Examination and Auditing Section of the Maryland Insurance Administration licenses, examines, and audits insurance companies conducting business in Maryland. These domestic and foreign insurers include life, health, property, and casualty insurers; health maintenance organizations; nonprofit health service plans; dental plans; and automobile motor clubs. A comprehensive list of insurers authorized to conduct business in Maryland is maintained by the section. Every insurer's certificate of authority (license to conduct business in the State) is renewed annually.

Insurers must be examined at least every five years. Through financial examinations (and actuarial examinations for life insurers), the Commissioner examines the affairs, transactions, accounts, records, and assets of each insurer applying for a certificate of authority. This includes the review of quarterly and annual statements, certified public accountant reports, and premium tax reports. Examinations and audits indicate the financial stability and solvency of insurance companies, including their outstanding reserve liability. Insurers are monitored to ensure their ability to meet

obligations to policyholders and their compliance with State insurance laws and regulations and approved rates. Examiners seek to identify any company in financial trouble or engaging in activities contrary to Maryland insurance law. Examinations are performed by field examiners who conduct examinations at the home office and branch offices of the insurer. The costs of the examinations are borne by the insurers being examined.

The section also participates in the National Association of Insurance Commissioners' coordinated zone examinations of out-of-state insurers. Instead of conducting an examination of these insurers, the Maryland Insurance Commissioner may accept a full report, certified by the insurance supervisory official of another state, of the most recent examination of a foreign insurer or alien insurer.

The activities of the Examination and Auditing Section are summarized in Exhibit 8.2.

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**Exhibit 8.2**  
**Licensing, Examination, and Auditing of Insurers**  
**Calendar 2000**

Licensing of Companies:	
Original Certificates Issued	27
Total Companies Licensed	1,575
Annual Statements Filed:	
Life	552
Property and Casualty Companies	870
Not for Profit	9
Title Companies	24
Fraternal Insurance Companies	29
Health Maintenance Organizations	15
Risk Retention Groups	45
Dental Plans	15
Surplus Line Carriers	117
Accepted Unauthorized Reinsurers	64
Workers' Compensation Self-Insurers	7
Motor Clubs	30
Companies Examined (Completed)	21

Source: Maryland Insurance Administration

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## **Rates, Policies, and Forms Review**

Rates, policies, and forms are filed with the Insurance Commissioner along with policy endorsements and any modifications that an insurer proposes to use. During fiscal 2001 approximately 20,426 filings were processed.

The Commissioner regulates rates by reviewing proposed rate changes initiated by insurance companies; the Commissioner does not make or initiate rate changes. For lines of insurance other than most property and casualty lines, proposed policy rates must be submitted and approved by the Commissioner prior to their use (“prior approval” rate making); however, proposed rates that are submitted 90 days prior to implementation are deemed approved if not denied within 30 working days of filing.

For property and casualty insurance (including automobile, homeowners, and workers’ compensation), insurers are allowed to “file and use” rates without the prior approval of the Commissioner. The Commissioner, however, reviews property and casualty rates to ensure they are adequate but not excessive. To dispute the proposed rates as excessive or unfairly discriminatory, the Commissioner need not determine whether there is a reasonable degree of competition. Regulations set forth a procedure based on an expected loss ratio and percentage increase to determine whether rates are excessive and whether a hearing should be held.

Both rating systems have protections for the public by ensuring that rates are not excessive, inadequate, or unfairly discriminatory and that policy provisions are in compliance with the Insurance Article.

## **Life and Health Insurance**

Life and health insurance includes life, health, small group health benefit plans, health maintenance organizations, annuities, dental plans, and long-term care.

The Life and Health Section and the Office of the Chief Actuary regulate this segment of the market. The administration attempts to ensure the financial stability and solvency of domestic life and health insurers by enforcing the provisions of all applicable insurance laws. This is accomplished by reviewing rates and forms and performing actuarial and market conduct examinations of insurance companies.

Initial rate filings are reviewed to ensure that rates are not excessive, inadequate, or unfairly discriminatory. Life insurance and annuity actuarial memoranda are reviewed to determine that nonforfeiture benefits are in compliance with the applicable regulations. Rate standards for credit life, credit health insurance, and Medicare supplement policies are reviewed for compliance, as are documents and other printed matter delivered with life insurance sales presentations.

Market conduct examinations (nonfinancial activities) of life and health insurers are performed both on-site and at the offices of the administration to determine a company's general business practices and compliance with insurance laws and regulations concerning premium rates, underwriting practices, advertising and marketing, processing of claims, and treatment of policyholders. The Market Conduct Unit assesses insurers for the cost of conducting examinations and assesses administrative penalties for violations discovered during examinations. Producers and unauthorized entities are also investigated for compliance with State law.

The activities of the Life and Health Insurance Section are summarized in Exhibit 8.3.

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**Exhibit 8.3**  
**Life and Health Insurance Regulatory Data**  
**Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
Forms Received:		
Life Insurance	4,162	3,871
Health Insurance	5,653	6,093
Annuity	2,148	2,472
Credit	334	591
Reports Received	522	447
Rate Filings	1,234	1,579
Actuarial Memos Reviewed	821	1,045
Rate Deviations	200	166
Inquiries from the Public	974	1,341
Calls from Insurance Companies	4,933	6,839
Internal Grievance Documents Filed	16	4
Market Conduct Examinations:		
Examinations Completed	24	18
Examinations in Progress	15	19
Producer Examinations:		
Investigations Assigned	300	239
Investigations Closed	262	207
Revocations	9	11

Source: Maryland Insurance Administration

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## Property and Casualty Insurance

Property and casualty insurance includes automobile, homeowners, workers' compensation, fire, property, casualty, surety, title, mortgage guaranty, and liability.

The Property and Casualty Section regulates the rates charged and the forms used by insurance companies and performs market conduct examinations of insurance companies.

All licensed companies are required to file policy forms, endorsements, rates, rating plans, rating rules, and amendments to any of these items with the administration. This requirement ensures that rates are not excessive, inadequate, or unfairly discriminatory and that policy provisions are in compliance with the Insurance Article. Under Maryland's competitive rating laws, insurers may use rates for certain lines of insurance without prior approval of the Insurance Commissioner. However, rates for surety, title, medical malpractice, and insurance provided by the Maryland Automobile Insurance Fund remain subject to the approval process of the Commissioner prior to their use. As a customer service, the Form and Rate Review Unit provides data for various rate guides for homeowners, personal automobile, and workers' compensation coverages.

Market conduct examinations are performed to assure that trade practices are not in violation of the Insurance Article. Sales and advertising, underwriting, rating, claims, and complaints are reviewed for each company to determine fairness and legality in dealings with policyholders and insurance consumers. Examinations and investigations of personal and commercial lines, premium finance companies, and producers are performed at their respective home and branch offices. The Market Conduct Unit assesses companies for the cost of conducting examinations and assesses administrative penalties for violations discovered during examinations.

The activities of the Property and Casualty Insurance Section are summarized in Exhibit 8.4.

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**Exhibit 8.4**  
**Property and Casualty Regulatory Data**  
**Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
Rate and Form Filings:		
Commercial	4,129	4,683
Personal	812	1,137
Premium Finance Company Registrations	105	93
Motor Clubs Operating	33	34
Market Conduct – Insurance Companies:		
Examinations Completed	7	16
Examinations in Progress	50	38
Money Returned to Maryland Residents	\$163,000	\$297,000
Producer Investigations:		
Examinations Completed	182	84

**Exhibit 8.4 (Cont'd.)  
Property and Casualty Regulatory Data  
Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
Examinations in Progress	25	74
Restitution/Refunds Ordered	\$282,000	\$387,000
Licenses Revoked	29	23
Licenses Suspended	0	0

Source: Maryland Insurance Administration

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## Licensing

The federal Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley Act) removed barriers among the banking, insurance, and securities industries with respect to the activities, services, and products they were not allowed to engage in or provide. Under the federal Act, states had until 2002 to enact and implement laws that allow multistate reciprocity and uniformity in agent and broker licensing laws. In 2001 legislation was enacted in Maryland that incorporated provisions of the Model Producer Licensing Act developed by the National Association of Insurance Commissioners into Maryland's agent and broker licensing provisions, as required by the federal Act.

Under the 2001 legislation, the Maryland Insurance Administration no longer issues separate licenses to agents and brokers. Instead, it issues an insurance producer license to each person who sells, solicits, or negotiates insurance contracts. The legislation also provides reciprocity for nonresident insurance producers wishing to obtain a Maryland license if certain criteria are met.

The Licensing Unit licenses producers, surplus lines brokers, insurance advisers, public adjusters, and motor club representatives. Within the unit, a licensing section ensures that applicants take an examination and obtain the education and training necessary to qualify for a certificate of qualification (license) for the insurance products they intend to sell or negotiate. Nonresident producer licenses are also issued to corporations, partnerships, limited liability companies, and individuals. The section also processes insurance company requests for producer appointments and terminations and issues letters of certification or clearance for Maryland resident producers applying for licenses in other states.

Assessment Systems, Inc., a private corporation, processes all application forms and all appointments and appointment terminations under contract with the administration. Assessment Systems also administers qualifying examinations for various certificates of qualification.

When advisable to determine compliance with State insurance laws, the Insurance Commissioner may examine the accounts, records, documents, and transactions that relate to the insurance affairs or proposed insurance affairs of (1) a producer, surplus lines broker, insurance adviser, or public adjuster; (2) an individual or entity that manages or controls an insurer; (3) an individual or entity that, for the purpose of controlling the management of a domestic insurer, holds shares of stock; and (4) an individual or entity assisting with the promotion or formation of a domestic insurer or insurance holding company.

The activities of the Licensing Unit are summarized in Exhibit 8.5.

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**Exhibit 8.5**  
**Licensing and Consumer Services**  
**Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
New Licenses:		
Agents and Brokers (Producers) <sup>1</sup>	18,463	11,771
Surplus Lines Brokers	460	310
Insurance Advisers	32	23
Public Adjusters	6	4
Motor Club Representatives	549	595
Third-Party Administrators	91	52
Renewal Licenses:		
Agents and Brokers (Producers)	20,452	11,362
Surplus Lines Brokers	1,550	1,100
Insurance Advisers	90	60
Public Adjusters	20	15
Motor Club Representatives	1,700	1,600
Third-Party Administrators	18	14
Appointments:		
Issued (Original and Temporary)	129,089	121,475
Terminated	69,982	38,300
License Examinations Administered	12,279	12,393
Continuing Education Courses Approved	1,215	1,199

<sup>1</sup> Producer licensing began in fiscal 2002.

Source: Maryland Insurance Administration

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## Consumer Complaint Investigation

The Consumer Complaint Investigation Section investigates and resolves complaints made by insurance policyholders, claimants, and beneficiaries. The section also provides insurance information to the public. The section works through four units: appeals and grievances, consumer resources, life and health, and property and casualty.

Maryland became one of the first states in the country to statutorily mandate due process rights for individuals who wish to dispute a medical necessity determination made by a managed care plan. The 1998 legislation, which took effect January 1, 1999, requires health insurers to maintain an internal complaint process for enrollees who wish to appeal a denial of services based on medical necessity. In addition, the legislation established an external appeals process that can be accessed by an individual after exhausting an insurer's internal appeals process or immediately in emergency cases. All administration costs and expenses related to the appeals and grievance process are funded through an assessment on the managed care entities subject to the law. Funds collected through the assessment mechanism are deposited to the Health Care Regulatory Fund.

The activities of the Consumer Complaint Investigation Section are summarized in Exhibit 8.6.

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### Exhibit 8.6 Complaint Data Fiscal 2000 – 2001

	<u>2000</u>	<u>2001</u>
Life and Health Complaints:		
Received from Citizens, Providers, and Organizations	10,185	7,756
Money Recovered from Concluded Complaints	\$1,900,000	\$2,181,000
Property and Casualty Complaints:		
Automobile Insurance Protests Received	8,066	8,560
All Other Property and Casualty Complaints	4,181	4,196
Money Recovered from Concluded Complaints	\$654,000	\$1,272,000

Source: Maryland Insurance Administration

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## Insurance Fraud

Insurance fraud is estimated to cost as much as \$100 billion annually in the United States. Estimates of the number of fraudulent claims range from 5 to 25 percent of all claims made. The Insurance Fraud Division of the Maryland Insurance Administration investigates complaints of fraudulent insurance acts and, where appropriate, initiates the prosecution of those committing such acts. The division works closely with the Department of State Police and the Office of the Attorney General.

The division investigates complaints from both insurance companies and the general public. The division is required to notify the appropriate professional licensing board or disciplinary body of evidence of insurance fraud involving professionals and gross overutilization of health care services. The division also conducts public outreach and awareness programs to inform the public of the cost of insurance fraud and encourage the reporting of fraudulent acts.

Insurance companies are required to have an antifraud plan filed with and approved by the division. The Insurance Commissioner has the authority to issue an order imposing a financial penalty for failing to file an antifraud plan.

The activities of the Insurance Fraud Division are summarized in Exhibit 8.7.

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**Exhibit 8.7**  
**Insurance Fraud Data**  
**Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
Fraud Activities		
Fraud Complaints	1,411	1,345
Total Number of Investigations Opened	412	317
Cases Referred to Area States Attorneys	126	126
Convictions	63	67
Cases Referred to Division Attorneys General	36	30
Referral Disposition		
Opened for Investigation	21	21
Returned for investigation	5	5
Returned for recommended closure	3	12
Investigation/Prosecution Results		
Investigations Closed by Filing Charges	8	10

**Exhibit 8.7 (Cont'd.)  
Insurance Fraud Data  
Fiscal 2000 – 2001**

	<u>2000</u>	<u>2001</u>
Individuals Charged	9	11
Individuals Successfully Prosecuted	8	6
Cases Referred to Division of State Police	29	32
Cases Closed with Charges Filed	4	14
Open Investigations	9	10

Source: Maryland Insurance Administration

## **Compliance and Enforcement**

In August 2002 the Compliance and Enforcement Section was formed by merging the Market Conduct and Agent Enforcement Units of the Life and Health Section with the Market Conduct and Agent Enforcement Units of the Property and Casualty Section. The purpose of the new section is to better integrate market conduct and agent enforcement activities and make those activities more consistent across the administration.

## **Maryland Health Insurance Plan**

The Maryland Health Insurance Plan was established as an independent unit in the administration by the Health Insurance Safety Net Act of 2002 to provide health insurance to medically uninsurable individuals. The plan is overseen by a board of directors and will be funded through the Maryland Health Insurance Plan Fund, which will include premiums paid for policies issued by the plan and an assessment on the base hospital rate of each hospital whose rates are approved by the Health Services Cost Review Commission.

The plan's board also is responsible for overseeing the Senior Prescription Drug Program. The purpose of this program is to provide affordable prescription drug coverage to Medicare beneficiaries who lack such coverage until a prescription drug benefit is added to Medicare benefits. The program is funded through the Maryland Health Insurance Plan Fund, which includes a segregated account that contains premiums collected from enrollees in the program and the amount, in excess of premiums collected, necessary to operate and administer the program.

The plan's board of directors is required to begin enrolling individuals in the plan and the program by July 1, 2003.

For further information contact:

Maryland Insurance Administration  
525 St. Paul Place  
Baltimore, Maryland 21202  
(410) 468-2000  
Toll Free: 1-800-492-6116  
Web Site: <http://www.mdinsurance.state.md.us/>

## Chapter 9. Health

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Maryland's health care system is a highly complex structure comprised of public and private hospitals; nursing homes and assisted living facilities; outpatient clinics and freestanding ambulatory surgical and health care facilities; home health care agencies, services, and programs; hospices; medical laboratories; mental health; and developmental disabilities programs and services; and health care providers and practitioners. The majority of these entities, facilities, services, and individuals are regulated in some form by the State, often in conjunction with the federal government. The State agency primarily responsible for regulating both facilities and providers is the Department of Health and Mental Hygiene.

This chapter outlines the mission of the department, describes the major regulatory entities under the department, and briefly summarizes other agencies involved in the regulation and delivery of health care in Maryland. For further information regarding Maryland's public health services, see *Government Services in Maryland*, Volume II of the Legislative Handbook Series.

### **The Department of Health and Mental Hygiene**

The mission of the department is to promote the health of all Maryland citizens by providing health and support services. The department is responsible for assuring that Marylanders have appropriate access to high quality health care at a reasonable cost to individuals, employers, and taxpayers. In order to fulfill this responsibility, a number of entities regulate health care providers and services.

Numerous offices, boards, and commissions under the department work to provide and regulate health care in Maryland. The following section describes the four most significant regulatory entities within the department: the Office of Health Care Quality; the health professional licensing boards; the Health Services Cost Review Commission; and the Maryland Health Care Commission.

#### **Office of Health Care Quality**

The Office of Health Care Quality licenses and certifies facilities that provide health care treatment and services, including adult day care, assisted living programs, developmental disabilities programs, freestanding ambulatory care centers, health maintenance organizations, home health agencies, hospices, hospitals, medical laboratories, mental health programs, nursing homes, and substance abuse services. The office monitors quality of care and compliance with State and federal regulations. The

office also initiates administrative action, including financial sanctions, against facilities that violate State rules and regulations. Exhibit 9.1 displays the health care facilities licensed and inspected by the office during fiscal 2002.

**Exhibit 9.1**  
**Health Care Facilities Regulated by the**  
**Office of Health Care Quality**  
**Fiscal 2002**

	<u>Number of Facilities</u>	<u>Scheduled Inspections</u>	<u>Complaint Inspections</u>	<u>Total Inspections</u>
Adult Medical Day Care	109	49	23	72
Assisted Living Programs	2,101	589	231	820
Community Mental Health Programs	993	448	14	462
Comprehensive Rehabilitation Outpatient Facilities	17	4	0	4
Developmental Disabilities Programs	183	570	556	1,126
Freestanding Ambulatory Surgical Facilities	320	36	0	36
Freestanding Birthing Centers	5	0	0	0
Freestanding Dialysis Centers	118	39	8	47
Freestanding Major Medical Equipment Facilities	143	0	0	0
Health Care Facilities in Correctional Facilities	11	18	0	18
Health Maintenance Organizations (HMOs)	9	10	55	65
Home Health Agencies	55	47	13	60
Hospice Agencies	35	8	5	13
Hospitals	70	6	71	77
ICF/MR <sup>1</sup>	4	3	128	131
Medical Laboratories	4,175	253	46	299
Nursing Homes	250	548	731	1,279
Outpatient Physical Therapy	154	17	0	17
Residential Service Agencies	330	0	3	3
Residential Treatment Centers	14	12	21	33
Substance Abuse Treatment Programs	<u>269</u>	<u>453</u>	<u>19</u>	<u>472</u>
<b>Total</b>	<b>9,365</b>	<b>3,110</b>	<b>1,924</b>	<b>5,034</b>

<sup>1</sup> ICF/MR is an intermediate care facility for the mentally retarded.

Source: Office of Health Care Quality

For further information contact:

Office of Health Care Quality  
Spring Grove Hospital Center  
Bland Bryant Building  
55 Wade Avenue  
Catonsville, Maryland 21228  
(410) 402-8000  
Web site: <http://dhmh.state.md.us/ohcq/>

## **Health Professional Licensing Boards**

While the Office of Health Care Quality regulates the facilities that provide health care services, the department's Boards and Commissions Program regulates the individual health care professionals in Maryland. Eighteen boards are responsible for the examination, licensure, regulation, and discipline of over 180,000 health care providers. The boards receive and investigate complaints about providers, set standards of practice, and serve as a resource to the public. A brief description of the specific practitioners regulated by each board is set forth below. Exhibit 9.2 shows the total number of licenses, certifications, and permits issued (new and renewal) and complaints received by each board during fiscal 2001.

***Board of Acupuncture:*** The board licenses and regulates the practice of acupuncture, a form of health care that is based on certain practices that are generally intended to control pain. For more information contact the board at (410) 764-4766.

***Board of Audiologists, Hearing Aid Dispensers and Speech-Language Pathologists:*** The board licenses and regulates the practice of audiology (the treatment of hearing disorders), hearing aid dispensing, and speech-language pathology (the treatment of voice and speech disabilities). For more information contact the board at (410) 764-4725.

***Board of Chiropractic Examiners:*** The board licenses and regulates chiropractors and certifies and regulates massage therapists. For more information contact the board at (410) 764-4726.

***Board of Dental Examiners:*** The board licenses and regulates dentists and dental hygienists and certifies dental radiation technologists. For more information contact the board at (410) 402-8500.

**Board of Dietetic Practice:** The board licenses and regulates dietitians and licensed nutritionists. For more information contact the board at (410) 764-4733.

**Board of Electrologists:** The board licenses and regulates electrologists, electrology instructors, and electrology schools. For more information contact the board at (410) 764-4702.

**Board of Morticians:** The board regulates the practice of mortuary science and the operation of funeral establishments. The board licenses and regulates morticians, funeral directors, apprentices, surviving spouse licensees, funeral establishments, and mortuary science business corporations. For more information contact the board at (410) 764-4792.

**Exhibit 9.2**  
**Licensing and Complaint Activity**  
**Health Occupations Boards**  
**Fiscal 2001**

	<b><u>Licenses</u></b> <b><u>Issued</u></b>	<b><u>Complaints</u></b> <b><u>Received</u></b>
Acupuncture	393	9
Audio, Hearing Aid, and Speech	428	18
Chiropractic Examiners	2,675	71
Dental Examiners	7,389	288
Dietetic Practice	761	6
Electrologists	165	1
Morticians	686	50
Nursing	125,458	1,489
Nursing Home Administrators	335	2,314
Occupational Therapy	2,143	22
Optometry	747	18
Pharmacy	10,649	179
Physical Therapy	2,848	95
Physician Quality Assurance	17,919	2,397
Podiatric Medical Examiners	850	100
Professional Counselors & Therapists	1,680	13
Psychologists	1,142	46
Social Workers	<u>5,850</u>	<u>52</u>
<b>Total</b>	<b>182,118</b>	<b>7,168</b>

Source: *Fiscal 2003 State Budget Books*

**Board of Nursing:** The board licenses/certifies and regulates registered nurses, licensed practical nurses, certified nursing assistants, nurse anesthetists, nurse midwives, nurse practitioners, and nurse psychotherapists. For more information contact the board at (410) 585-1900.

**Board of Examiners of Nursing Home Administrators:** The board licenses and regulates nursing home administrators and conducts a continuing study and investigation of nursing homes and administrators of nursing homes. For more information contact the board at (410) 764-4750.

**Board of Occupational Therapy Practice:** The board licenses and regulates occupational therapists and occupational therapy assistants. For more information contact the board at (410) 402-8561.

**Board of Examiners in Optometry:** The board licenses and regulates optometrists. For more information contact the board at (410) 764-4710.

**Board of Pharmacy:** The board licenses and regulates pharmacists and issues permits to pharmacies and pharmaceutical distributors. The board shares regulatory responsibilities for pharmacies with the department's Division of Drug Control and works closely with the federal Food and Drug Administration, which sets standards to protect public health, and the federal Drug Enforcement Agency, which enforces federal statutes on controlled dangerous substances. For more information contact the board at (410) 764-4755.

**Board of Physical Therapy Examiners:** The board licenses and regulates physical therapists and physical therapist assistants. For more information contact the board at (410) 764-4752.

**Board of Physician Quality Assurance:** The board licenses or certifies (as the law provides) and regulates medical and osteopathic physicians; medical practitioners such as medical interns and residents; and allied health providers, including physician assistants, respiratory care practitioners, medical radiation technologists, and nuclear medical technologists. For more information contact the board at (410) 764-4777.

**Board of Podiatric Medical Examiners:** The board licenses and regulates podiatrists. For more information contact the board at (410) 764-4785.

**Board of Professional Counselors and Therapists:** The board licenses and regulates professional counselors, marriage and family therapists, and alcohol and drug counselors. For more information contact the board at (410) 764-4734.

**Board of Examiners of Psychologists:** The board licenses and regulates psychologists and psychology associates. For more information contact the board at (410) 764-4787.

**Board of Social Workers:** The board licenses and regulates four-levels of social workers: social work associates, graduate social workers, certified social workers, and certified clinical social workers. For more information contact the board at (410) 764-4788.

For further information contact:

Boards and Commissions  
4201 Patterson Avenue  
Baltimore, Maryland 21215  
(410) 764-4700  
Web Site: <http://www.dhmf.state.md.us/html/proflcm>

### **Health Services Cost Review Commission**

The regulation of hospitals is unique in Maryland. While the Office of Health Care Quality licenses hospitals to operate in the State, the Health Services Cost Review Commission establishes and regulates the rates paid for inpatient hospital services. The commission was established in 1971 in an effort to control health care costs and increase the quality of health care through rate regulation. The commission has rate-setting authority over 48 acute care hospitals, 3 chronic care hospitals, and 5 psychiatric hospitals.

In 1977 the commission negotiated a Medicare waiver with the federal government allowing Maryland to establish an “all-payor” system, in which every payor, including Medicaid and Medicare, pays the same hospital rates set by the commission. To maintain the Medicare waiver and the benefits that accrue from an all-payor system, the commission must analyze and readjust hospital rates as necessary to ensure that Maryland’s hospital rates do not increase as quickly as the national average.

For further information contact:

Health Services Cost Review Commission  
4201 Patterson Avenue, 2nd Floor  
Baltimore, Maryland 21215  
(410) 764-2605  
Web Site: <http://www.hsrc.state.md.us/>

## **Maryland Health Care Commission**

The Maryland Health Care Commission was created in 1999 with the merger of the Health Care Access and Cost Commission and the Maryland Health Resources Planning Commission. A major focus of the commission's work is to provide accurate and timely information to consumers and other purchasers of health care services and to provide analyses of data reported to the commission's Medical Care Data Base. The commission conducts planning of health care services in Maryland and administers the Certificate of Need Program. The commission is also responsible for the establishment of the HMO Quality and Performance Evaluation System; development of quality and performance measures for nursing homes, ambulatory surgical centers, hospitals, and managed behavioral health care organizations; and oversight of electronic claims clearinghouses.

For further information contact:

Maryland Health Care Commission  
4201 Patterson Avenue, 5th Floor  
Baltimore, Maryland 21215  
(410) 764-3460  
Toll Free: (877) 245-1762  
Web Site: <http://www.mhcc.state.md.us/>

## **Local Health Departments**

Additional health-related regulation is carried out by local health departments, which are charged with licensing and inspecting food processing plants and food service facilities. Licenses must be renewed on an annual basis. A listing of the local health departments and their contact information is contained in Appendix 2.

## **Other Health Care Regulatory Agencies**

While the Department of Health and Mental Hygiene primarily regulates Maryland's health care delivery system, several other agencies play critical roles, including the Maryland Insurance Administration, the Office of the Attorney General, and the Maryland Institute for Emergency Medical Services Systems.

## **Maryland Insurance Administration**

Health insurance is regulated by the Maryland Insurance Administration, which protects consumers through regulation and enforcement of the State's insurance laws. The administration investigates complaints about health insurance coverage and reviews and approves rates and contract forms for health insurance policies. The administration also enforces the State's appeals and grievances process that gives residents the right to appeal a decision by their insurance carrier to deny coverage for medically necessary services. For more information about the administration and the regulation of insurance in Maryland, see Chapter 8 of this volume of the Legislative Handbook Series.

For further information contact:

Maryland Insurance Administration  
525 St. Paul Place  
Baltimore, Maryland 21202-2272  
(410) 468-2000  
Web site: <http://www.mdinsurance.state.md.us/>

## **Office of the Attorney General**

The Consumer Protection Division of the Office of the Attorney General provides mediation services to consumers to help resolve complaints against businesses and health insurance carriers. The division's Health Education and Advocacy Unit assists consumers resolve billing disputes with hospitals, medical doctors, insurance companies, and other health care providers. The unit also assists consumers negotiate refunds for medical equipment that is defective or was never delivered and seek repairs for medical equipment and other health care products. The unit uses the process of mediation to attempt to resolve these consumer complaints. For more information on Maryland's consumer protection laws, see Chapter 4 of this volume of the Legislative Handbook Series.

For further information contact:

Health Education and Advocacy Unit  
Office of the Attorney General  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 528-1840  
Web site: <http://www.oag.state.md.us/Consumer/HEAU.htm>

## **Maryland Institute for Emergency Medical Services Systems**

The Maryland Institute for Emergency Medical Services (EMS) Systems oversees and coordinates all components of the statewide EMS system, provides leadership and medical direction, supports EMS educational programs, operates and maintains a statewide communications system, designates trauma and specialty centers, licenses and regulates commercial ambulance services, and participates in EMS-related public education and prevention programs. The institute provides executive support for the EMS board in reviewing and approving the budgets for agencies receiving funds from the Maryland EMS Operations Fund, developing and promulgating regulations and protocols, proposing EMS system legislation, and licensing/certifying and disciplining EMS providers. For more information on the structure and funding of emergency services in Maryland, see *Government Services in Maryland*, Volume II, Chapter 5 of the Legislative Handbook Series.

For further information contact:

The Maryland Institute for Emergency Medical Services Systems  
653 West Pratt Street  
Baltimore, Maryland 21201-1536  
(410) 706-5074  
Web Site: <http://miemss.umaryland.edu/Home.htm>



## Chapter 10. Alcohol and Tobacco

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To protect Maryland consumers, alcoholic beverages and tobacco are regulated by the Alcohol and Tobacco Tax Division of the State Comptroller's Office, local boards of license commissioners, and local liquor control boards. The objective of this regulation is to promote moderation in consumption, as well as to generate income for the State and local governments.

The Alcohol and Tobacco Tax Division monitors the operation of the alcoholic beverage and tobacco industries by licensing and collecting taxes from manufacturers and wholesalers. The local authorities regulate these industries at the retail level under a statutory framework established in State law.

This chapter describes consumption trends and the license fees paid by businesses and consumers. Specific regulations are examined pertaining to businesses engaged in the manufacture, sale, and distribution of alcoholic beverages and in the wholesale and subwholesale distribution of tobacco. For more information about alcohol and tobacco taxes and fees, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.

### Consumption Trends

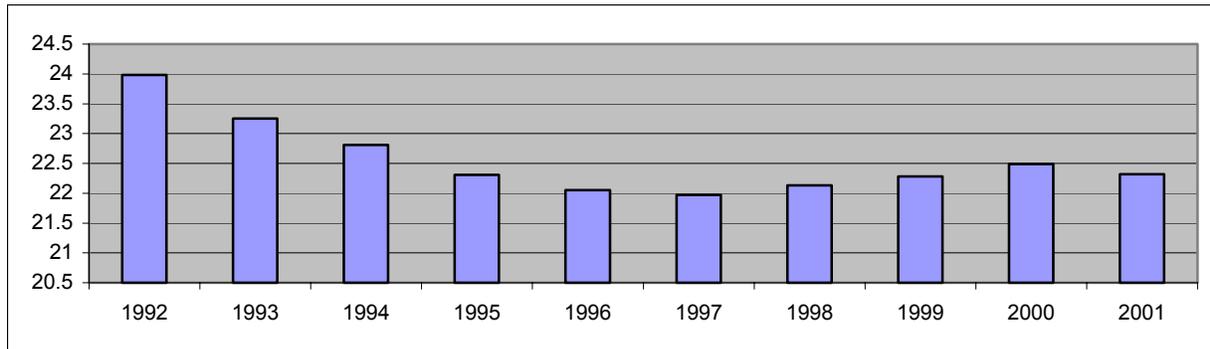
Per capita consumption of alcoholic beverages in Maryland equated to 22.3 gallons of distilled spirits, wine, and beer in fiscal 2001. The consumption rate has remained relatively constant over the past five years. Exhibit 10.1 shows the per capita consumption trend in gallons for the last ten years.

From 2000 to 2001, wholesale distilled spirit deliveries increased 1.4 percent statewide from 7.67 to 7.38 million gallons. Wholesale beer deliveries remained steady statewide at 98.6 million gallons from 2000 to 2001. Wine deliveries decreased by 1 percent from 10 million gallons in 2000 to 9.9 million gallons in 2001.

Cigarette stamp sales, which indicate the approximate number of packs sold at retail, were approximately 307.8 million in 2001, an increase of 1.2 percent from 2000. Overall, the trend for the consumption of cigarettes has steadily declined over the past decade, as shown in Exhibit 10.2. At least a portion of the decline from 1999 to 2000 can be attributed to a 33 cents per pack increase in the cigarette tax in fiscal 2000. The additional tax increase of 34 cents in fiscal 2003 may further decline consumption in calendar 2002 and 2003.

**Exhibit 10.1**  
**Alcohol Consumption**  
**Fiscal 1992 – 2001**

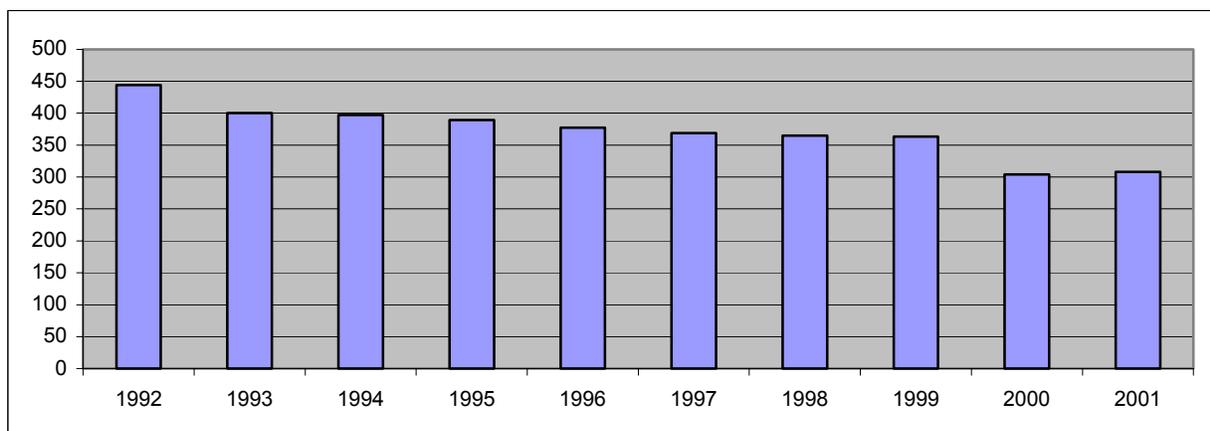
Per Capita Consumption (Gallons)



Source: Alcohol and Tobacco Tax Division

**Exhibit 10.2**  
**Tobacco Consumption**  
**Fiscal 1992 – 2001**

Millions of Cigarettes Packs Sold (stamp sales)



Source: Alcohol and Tobacco Tax Division

## **Licensing**

All manufacturers and wholesalers of alcoholic beverages, and entities and individuals selling alcoholic beverages at retail, are required to obtain a license. In addition, all entities or individuals engaging in the wholesale or subwholesale distribution of cigarettes or those who operate vending machines must obtain a license.

### **Alcoholic Beverages**

Manufacturers and wholesalers of alcoholic beverages must obtain a license through the Alcohol and Tobacco Tax Division. There are seven types of manufacturing licenses and five wholesale licenses. The type of license and associated fee depends on the commodity involved (i.e., spirits, wine, beer) as summarized in Exhibit 10.3.

The retail sale of alcoholic beverages is primarily regulated through licensing by local boards of license commissioners and local liquor control boards. Appendix 3 contains the phone numbers and addresses of these boards. There are six types of retail licenses issued by the 23 counties, Annapolis, and Baltimore City, and four retail licenses issued by the Alcohol and Tobacco Tax Division as indicated in Exhibit 10.4. An “on-sale” license permits consumption of purchased alcoholic beverages on the business premises (e.g., in a restaurant). An “off-sale” license, on the other hand, prohibits the business from allowing purchasers to consume purchased alcoholic beverages on that business premises.

### **Direct Shipment of Wine**

Maryland consumers are allowed to purchase wine, under certain conditions, directly from an out-of-state entity under a law that went into effect July 1, 2002 (Chapter 251 of 2002).

While the sales transaction is between the consumer and the out-of-state direct wine seller’s permit holder, the product must physically flow through a licensed Maryland wholesaler and a licensed Maryland retailer. The direct wine seller (out-of-state shipper) must obtain a direct wine seller’s permit from the Alcohol and Tobacco Tax Division. The fee is \$10. The permit holder may only sell to a Maryland consumer age 21 or older who purchases the wine for personal consumption only. As of the fall of 2002, the division had not issued a direct wine seller’s permit.

**Exhibit 10.3**  
**Alcohol Manufacturer and Wholesaler Licenses Issued**  
**Fiscal 2000 – 2002**

	<b>Annual Fee</b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>
<u>Manufacturer's Licenses</u>				
Class 1 Distillery	\$2,000	0	0	0
Class 2 Rectifying	600	20	19	23
Class 3 Winery	750	0	0	0
Class 4 Limited Winery	200	12	14	12
Class 5 Brewery	1,500	5	3	5
Class 6 Pub-Brewery	500	4	4	2
Class 7 Micro-Brewery	500	17	20	22
<u>Wholesaler Licenses</u>				
Class 1 Beer, Wine, Liquor	\$2,000	27	23	26
Class 2 Wine and Liquor	1,750	11	11	10
Class 3 Beer and Wine	1,500	15	8	6
Class 4 Beer	1,250	19	28	28
Class 5 Wine	1,250	14	8	17
<u>Permits</u>				
Storage/Transportation	\$2-500	<u>71,345</u>	<u>70,452</u>	<u>71,227</u>
<b>Total</b>		<b>71,489</b>	<b>70,590</b>	<b>71,378</b>

Note: Due to prorating of license fees, revenues collected may not coincide with the number of licenses issued.

Source: Alcohol and Tobacco Tax Division

Retail classes of licenses are issued for the sale of beer; wine; beer and wine; beer, wine, and liquor; or wine and liquor. In 2002, of the 6,609 retail licenses issued by local authorities, approximately 3 percent were beer licenses or wine licenses; 21 percent were beer and wine licenses; and 76 percent were beer, wine, and liquor licenses. In addition to these licenses, the local authorities issued wine and liquor dispensary licenses. Fees charged for these licenses are set by the respective counties subject to State law.

**Exhibit 10.4**  
**Retail Licenses Issued**  
**Fiscal 2000 – 2002**

		<u>2000</u>	<u>2001</u>	<u>2002</u>
Class A	Off-sale (Carry-out packaged containers)	1,666	1,686	1,615
Class B	On- or Off-sale (Hotels, Restaurants)	2,528	2,778	2,757
Class C	On-sale (Clubs)	869	729	619
Class D	On- and Off-sale (General)	1,145	1,190	1,113
Class BD-7	On- or Off-sale (Baltimore City)	521	566	487
CAT	On-sale (Caterer's)	-----	7	18
Total Local		6,729	6,956	6,609
Class E	On-sale (Water Vessel)*	49	51	61
Class F	On-sale (Railroad)*	2	2	2
Class G	On-sale (Airplane)*	11	12	12
SCAT	On-sale (Caterer's Statewide)*	29	29	34
Subtotal State		91	94	109
<b>Total</b>		<b>6,820</b>	<b>7,050</b>	<b>6,718</b>

\* Issued by the Alcohol and Tobacco Tax Division.

Source: Article 2B of the Annotated Code of Maryland; Alcohol and Tobacco Tax Division

In addition to their licensing functions, the local boards of license commissioners and local control boards are responsible for enforcing laws and regulations concerning:

- the Sunday sale of alcoholic beverages, including a prohibition or a requirement of a special license to sell alcoholic beverages on a Sunday;
- the prohibition of sales within certain jurisdictions within a county or municipality;
- the sale of alcoholic beverages at race tracks;
- the registration of kegs to be consumed off-premises; and
- the limitation of the number of licenses that can be issued by a particular jurisdiction.

Further, each county has a set of unique restrictions or regulations related to the sale and consumption of alcoholic beverages.

## Tobacco

To a lesser extent than alcoholic beverages, tobacco sales are also regulated in Maryland. An excise tax is required on all cigarettes and other tobacco products consumed by residents. For cigarettes, this is evidenced by a tax stamp that appears on all packs. Persons or entities acting as a manufacturer, vending machine operator, wholesaler or subwholesaler, or a storage warehouse must obtain a license. The types of cigarette licenses issued are presented in Exhibit 10.5.

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**Exhibit 10.5**  
**Cigarette Licenses Issued**  
**Fiscal 2000 – 2002**

	<u>Annual Fee</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Wholesaler	\$750	71	73	95
Subwholesaler	500	42	43	48
Vendor	500	14	6	6
Manufacturer	25	8	11	15
Storage Warehouse	25	<u>1</u>	<u>1</u>	<u>0</u>
<b>Total</b>		<b>136</b>	<b>134</b>	<b>164</b>

Source: Alcohol and Tobacco Tax Division

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The minimum price of cigarettes is restricted by the Maryland Cigarette Sales Below Cost Act. This Act prohibits a retailer or wholesaler from intentionally injuring a competitor by selling cigarettes at a cost that is less than the cost to the retailer or wholesaler. Similarly, a retailer may not purchase cigarettes from a wholesaler at a cost that directly or indirectly is less than the cost to the wholesaler by any means, including offering, accepting, or inducing a rebate in price or a concession of any kind in connection with the sale or purchase of cigarettes.

## Enforcement

The Field Enforcement Division of the Office of the Comptroller is responsible for the enforcement of State law that identifies certain activities as unlawful involving alcoholic beverages in Maryland, including the illegal importation, manufacture, transportation, or distribution of alcoholic beverages. The division also investigates fraudulent activities of

manufacturers, wholesalers, and retailers of alcoholic beverages. The division monitors cigarette “buttlegging” – the illegal importation, distribution, or sale of cigarettes on which Maryland taxes have not been paid.

For further information contact:

Comptroller of Maryland  
Alcohol and Tobacco Tax Division  
Louis L. Goldstein Treasury Building, Room 310  
P.O. Box 2999  
Annapolis, Maryland 21404-2999  
(410) 260-7314  
Web Site: <http://compnet.comp.state.md.us/attd>



## Chapter 11. Transportation

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An efficient transportation system is essential to helping businesses grow, communities thrive, and people earn a livelihood. Due to its unique position near the Chesapeake Bay, the Atlantic Ocean, the nation's capital, and major distribution routes along the East Coast, Maryland's transportation system is critical to the region's economic vitality and quality of life. The Maryland Department of Transportation is responsible for ensuring that this system – highways, railroads, mass transit, and port and aviation networks – continues to serve the transportation needs of all Marylanders safely and efficiently.

The department plans, finances, constructs, maintains, and operates all modes of the State's transportation systems. The agencies within the department and the independent Maryland Transportation Authority, as listed in Exhibit 11.1, conduct the department's regulatory activities. Exhibit 11.1 also displays each entity's fiscal 2001 expenditures. This chapter focuses on the regulatory functions of the department (involving highways, motor vehicles, railroads, port and marine terminals, and aviation) and the authority (involving toll facilities). Other State agencies involved in the regulation of the transportation system are also discussed. For detailed information on the department's and the authority's operations and programs, see *Government Services in Maryland*, Volume II of the Legislative Handbook Series. For detailed information on revenues received and generated by the department, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.

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**Exhibit 11.1**  
**Expenditures by Modal Administrations and Maryland Transportation Authority**  
**Fiscal 2001**  
**(\$ in Millions)**

State Highway Administration	\$1,404.3
Motor Vehicle Administration	152.9
Maryland Transit Administration	500.9
Maryland Port Administration	143.5
Maryland Aviation Administration	182.0
Maryland Transportation Authority	177.4
Office of the Secretary	<u>70.3</u>
Total	\$2,631.3

Source: *Fiscal 2003 State Budget Books*

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## **Highways – State Highway Administration**

The State Highway Administration, created in 1970, regulates the construction and maintenance of Maryland highways and roads. The State highway system totals more than 5,200 miles of roadway consisting of interstates, primary and secondary roads, and more than 2,400 bridges. It also includes 31 State Scenic Byways that contain historical, cultural, natural, archaeological, or recreational qualities that promote Maryland's heritage.

The State is geographically divided into seven engineering districts, each responsible for its own routine maintenance, traffic services, and construction supervision. Appendix 4 contains the addresses and phone numbers of the district offices. The Baltimore City Office of Transportation is responsible for providing these services in Baltimore City. A district engineer represents the administration at the district level in all public matters. District engineers make recommendations regarding improvements in traffic operations to the Federal Highway Administration, the Maryland Department of Transportation, other State agencies, local governments, and the public.

### **Entrances to Highways**

The administration issues access permits regulating the construction of entrances from a commercial or industrial property onto a State highway. Businesses and individuals requiring highway access or causing an increase or change in traffic must obtain a permit. A business desiring to change the use or occupancy of an existing facility may need a permit if the change affects highway-entry flows or volumes.

Along with the permit application, a business or individual must submit an engineering fee of \$50 per entrance and a performance bond equal to 150 percent of project costs within the State right-of-way. A permit will not be issued until relocation of each utility affected by the project is authorized. In calendar 2001 the administration issued 255 permits and bonded construction totaled \$22.9 million.

For further information contact:

Engineering Access Permits Division  
Office of Highway Development  
State Highway Administration  
Department of Transportation  
P.O. Box 717  
707 North Calvert Street, Room C-302  
Baltimore, Maryland 21203-0717  
(410) 545-5601  
Web Site: <http://www.sha.state.md.us/>

## Vehicle Weight and Size Limits

Maryland strictly regulates vehicle weight and has adopted the federal bridge formula and table, commonly known as the "Bridge Table." Based on research and experience gained by Maryland, other states, and the federal government, the Bridge Table is designed to minimize the damage to bridges and pavement caused by a heavy load that spans too short a distance between the axles of a vehicle. In fiscal 2000, 6 percent of all State highway bridges were considered structurally deficient and 4 percent of all bridges on the national highway system were deficient. None of the bridges under the jurisdiction of the Maryland Transportation Authority were structurally deficient.

The State Highway Administration may issue a permit allowing an oversized or overweight vehicle to carry a load that is impossible to disassemble. The Hauling Permit Section of the administration issues from 550 to 700 permits daily, and in fiscal 1001 issued 136,475 permits generating over \$7.9 million in revenues.

The administration also sets stringent standards on the height, length, and width of transport vehicles. These requirements are specified in Exhibit 11.2; however, various exemptions exist.

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### Exhibit 11.2 Maximum Dimensions of Transport Vehicles in Maryland Effective October 1, 1998

<u>Vehicle</u>	<u>Length</u>	<u>Width</u>
Single Unit Truck, Bus (private), Class M Motor Home	40 ft.	102" if on interstate or State primary highway or in transit to pickup/delivery or fuel/rest/service area (96" on all other routes)
Bus (private)	45 ft. on interstate and State primary	Same as above
Tractor-Trailer Combination	53 ft. on interstate and State primary	Same as above
Tractor-Twin Trailer Combination	28 ft. max./trailer	Same as above
Any other combination	55 ft	Same as above
Auto or Bus Transporter	65 ft. (75 ft. for stinger-steered)	Same as above
Bus (publicly owned)	Rigid body 41 ft. 3-axle articulated 60 ft.	Same as above
Other	35 ft.	96 inches

Source: Maryland Department of Transportation; Title 24, Subtitle 1 of the Transportation Article of the Annotated Code of Maryland

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For further information contact:

Office of Traffic and Safety  
State Highway Administration  
7491 Connelly Drive  
Hanover, Maryland 21076  
(410) 582-5712  
Web Site: <http://www.sha.state.md.us/>

## **Outdoor Advertising**

To erect an outdoor advertising sign along an expressway, or a federal or State highway, a business or individual may need to obtain approval from the appropriate city or county under its zoning laws and the administration. A State sign permit is required for all advertising signs within 500 feet of the State highway system. Sign permit fees range from \$10 to \$35 annually.

Exceptions to the required State permit include a sign on a State highway that (1) advertises the sale or lease of property on which the sign is located; (2) is within 100 feet of a building owned by, or an entrance to, a business; (3) advertises a Maryland historic shrine, or a county or church fair; (4) advertises a political position (no signs are to be posted more than 45 days prior to the election date); or (5) advertises the temporary sale of seasonal produce by the person who has grown the produce. An advertising sign is prohibited along an expressway unless it is in an urban area and more than 660 feet from the edge of the right-of-way. No advertising signs are permitted on administration property or rights-of-way.

An advertising sign is prohibited along the federal interstate highway system, unless it is in a commercial, industrial, or urban area and more than 660 feet from the edge of the right-of-way. Also, federal law prohibits new off-premises advertising signs along designated scenic routes.

Anyone who receives compensation for renting, erecting, or maintaining outdoor advertising signs must obtain a license from the administration. License fees range from \$50 to \$700 annually. Out-of-state applicants must also obtain a \$1,000 surety bond.

In fiscal 2002 the administration issued 4,219 outdoor advertising permits and 191 licenses.

For further information contact:

Outdoor Advertising Section  
State Highway Administration  
Department of Transportation  
707 North Calvert Street, Room 607  
Baltimore, Maryland 21202  
(410) 545-2817  
Web Site: <http://www.sha.state.md.us/>

### **Installation/Alteration of Traffic Controls and Information Signs**

If a business or individual wants to have traffic controls (lights, signals, signs) installed, altered, or removed from the State's primary or secondary highway system, the business or individual must petition the administration for review and approval.

The administration may place information signs on State highways to inform the public of the availability of gas, food, lodging, or camping but must first consult with local government officials and the Department of Business and Economic Development concerning the placement of the signs. These signs are subject to applicable federal standards. The businesses identified in the signs are responsible for the full administrative and operational costs of purchasing, installing, and maintaining the signs.

For further information contact:

Office of Traffic and Safety  
State Highway Administration  
Department of Transportation  
7491 Connelly Drive  
Hanover, Maryland 21076  
(410) 787-5800  
Web Site: <http://www.sha.state.md.us/doingbiz.htm>

### **Motor Vehicles – Motor Vehicle Administration and Public Service Commission**

With the exception of some motorized passenger services, vehicle services in Maryland are regulated by the Motor Vehicle Administration. The administration, established in 1910, is headquartered in Glen Burnie and runs 16 full-service offices and five express offices throughout the State. In addition, the administration operates a temporary driver's licensing office in Oakland and a mobile office through a converted bus. The Information Systems Center, located in Glen Burnie, houses the data processing

services for the entire administration, and a Customer Service Center in Cumberland provides centralized telephone service.

### **Driver's Licenses and Other Services**

The administration operates driver's license programs for all classes of commercial and noncommercial motor vehicles. This responsibility includes examining all new drivers; issuing driver's licenses, learner instructional permits, and moped permits; and providing information on classifications of driver's licenses and age requirements for drivers. Exhibit 11.3 displays the number of drivers licensed and vehicles registered during the 1993 to 2002 period.

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**Exhibit 11.3**  
**Number of Licensed Drivers and Number of Vehicles Registered**  
**Calendar 1993 – 2002**  
**(In Millions)**

	<u>Licensed Drivers</u>	<u>Vehicles Registered</u>
1993	3.3	3.6
1994	3.3	3.7
1995	3.3	3.7
1996	3.4	3.8
1997	3.3	3.9
1998	3.4	4.0
1999	3.5	4.0
2000	3.5	4.1
2001	3.6	4.2
2002	3.7	4.3

Source: Motor Vehicle Administration

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The administration provides many services that protect the public, address environmental concerns, raise revenues for the State, and ensure the integrity of repair facilities. Revenues collected by the administration are deposited in the Maryland Transportation Trust Fund and used to build and maintain the State's highways, bridges, airports, mass transit, port facilities, and railroads.

Other services provided by the administration include:

- registering motor vehicles and issuing of certificates of title;
- issuing new registration plates or transfer of registration plates;
- promulgating motor vehicle inspection requirements;
- collecting title fees and excise taxes;
- enforcing the compulsory insurance laws;
- instituting codes and fee schedules for all classifications of vehicles;
- overseeing the Vehicle Emission Inspection Program through a private contractor that performs inspections in State-owned facilities;
- overseeing the School Vehicle Inspection Program;
- assisting with enforcement of child support collections, local parking ticket payments, and outstanding arrest warrants;
- registering voters through the Motor Voter Program; and
- providing and regulating driver instructional services.

The administration licenses fleet inspection stations and administers the licensing of all motor vehicle dealers, salesmen, manufacturers, and distributors. It also requires title service agents, professional driving schools, and driving school instructors to be licensed; controls the issuance of a special mobile equipment vehicle registration; and coordinates the Junked and Abandoned Vehicle Program. The regulations governing these programs are published in the Code of Maryland Regulations.

Since 1987 Maryland has participated in the Driver License Compact with 44 other states that have joined in the compact as provided under Section 16-701 of the Transportation Article. Member states report convictions of vehicle and traffic law offenses to the violator's home state. All convictions from compact states are posted to the Maryland record.

For further information contact:

Motor Vehicle Administration  
Administrative Adjudication Division  
6601 Ritchie Highway, N.E.  
Glen Burnie, Maryland 21062  
(410) 768-7522  
Web Site: <http://www.mva.state.md.us/>

See *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series for a discussion of fuel and titling taxes.

## **Truck Safety and Commercial Drivers' Licenses**

In response to continued concerns about commercial truck safety, in 1999 the General Assembly expanded authority to enter the premises of a motor carrier business and to obtain or review records such as driver qualification files. Another law passed that year allows the temporary seizure of vehicles for inspection, weighing, or measuring; sets penalties for failure to stop for an inspection or weighing; and requires the driver of a diesel vehicle to stop for an emissions test if ordered to do so. In 2001 the Maryland State Police conducted approximately 67,000 basic safety inspections of commercial trucks, of which 16 percent failed.

Maryland has been issuing commercial driver's licenses since 1990 in accordance with standards established by federal regulations. Federal law prohibits a person from operating a commercial motor vehicle without first obtaining a license. To obtain a commercial license, the driver must pass a comprehensive written examination and a road test in the vehicle class for which the license is being issued. Commercial drivers are allowed only one license.

Federal law enacted in 1999 tightens the requirements for commercial licenses. States are prohibited from issuing a temporary hardship license to drivers whose license has been revoked, suspended, or canceled and are required to obtain an applicant's driving record before issuing a new license. Further, the federal law adds testing requirements for school bus drivers.

For further information contact:

Motor Vehicle Administration  
Department of Transportation  
6601 Ritchie Highway, N.E.  
Glen Burnie, Maryland 21062  
Toll Free: (800) 638-8347  
Web Site: <http://www.mva.state.md.us/>

## **Vehicle Emissions**

The Vehicle Emissions Inspection Program, created in 1984, tests vehicle emissions for carbon monoxide, hydrocarbons, and oxides of nitrogen to meet the

standards established in the Clean Air Act. All model year 1977 and newer vehicles in the State must be tested every two years; however, some vehicles are exempt, including:

- new vehicles less than two years old;
- vehicles owned by individuals aged 70 and over or with certain disabilities who drive less than 5,000 miles each year;
- vehicles over 26,000 pounds;
- diesel-powered vehicles with gross vehicle weight under 10,000 pounds; and
- electric vehicles.

Diesel vehicles with a gross weight above 10,000 pounds, which had initially been exempt, are subject to spot roadside testing under a program approved in 1999.

If a vehicle fails the test, the owner can qualify for a waiver from additional tests if \$450 worth of repairs are made to the vehicle within 60 days of the initial test. If the owner fails to comply with a repair order, the administration may suspend the vehicle registration, and the owner is subject to a federal fine of up to \$1,000.

For further information contact:

Motor Vehicle Administration  
Department of Transportation  
6601 Ritchie Highway, N.E.  
Glen Burnie, Maryland 21062  
(410) 787-2927  
Toll Free: (800) 638-8347  
Web Site: <http://www.mva.state.md.us/>

### **Taxicabs and Motor Carrier Companies**

Regulation of motorized passenger services (taxicabs and for-hire motor vehicle companies) is the responsibility of the Public Service Commission. In 2002 the commission regulated 1,481 taxicab permits that are held by 626 taxicab companies and 1,181 passenger-for-hire motor vehicle companies. A taxicab company that operates in Baltimore City, Baltimore County, or the cities of Cumberland or Hagerstown, as well as any passenger-for-hire motor vehicle in the State, must have a permit issued by the commission.

Exceptions to the permit requirement are provided for:

- transportation of school children to and from public and private school (the Motor Vehicle Administration regulates school bus drivers);
- certain vehicles operated for three months or less in a registration year in the transportation of people to a Maryland cannery;
- public transportation for hire on the boardwalk in Ocean City;
- van pool operations;
- taxicabs that are required to have another type of permit; and
- public transportation in Allegany, Frederick, and Washington counties.

A taxicab driver in these jurisdictions or a passenger-for-hire motor vehicle driver in the State is required to have a valid for-hire driver's license issued by the commission. For calendar 2002, there are 2,294 taxicab drivers and 5,825 passenger-for-hire drivers licensed in Maryland. The commission has the power to amend, suspend, or revoke a permit or license. The commission suspended or revoked 114 taxicab licenses and 13 passenger-for-hire licenses in 2002. A local jurisdiction other than Baltimore City, Baltimore County, Cumberland, and Hagerstown may issue a taxicab license after it determines that the permit or license would be in the best interest of the public welfare and convenience.

A taxicab or passenger-for-hire motor vehicle company is required to obtain a liability insurance policy or surety policy approved by the commission. A taxicab company is required to post in a taxicab a schedule of fares that is easily readable by the passengers. A taxicab, except in Hagerstown, must be equipped with an accurate meter that is subject to commission inspection.

For further information contact:

Public Service Commission  
6 St. Paul Street  
Baltimore, Maryland 21202  
(410) 767-8128  
Toll Free: (800) 492-0474  
Web Site: <http://www.psc.state.md.us/psc>

## **Railroads – Maryland Transit Administration and Department of Labor, Licensing, and Regulation**

Since the creation of the Baltimore and Ohio Railroad in 1828, the rail system has been vital to Maryland's economy. Today, two Class I freight railroads, six short line or

terminal railroads, and Amtrak (the national passenger railroad) serve Maryland with a total of 924 route miles. The major rail carriers and the mileage they serve in Maryland are listed in Exhibit 11.4.

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**Exhibit 11.4**  
**Mileage of Railroad Companies Operating in Maryland**  
**Fiscal 2001**

CSX Transportation	450
Norfolk Southern	179
National Railroad Passenger Corp. (Amtrak)	94
Canton Railroad	12
Patapsco and Back River Railroad Co.	10
Maryland and Delaware Railroad	104
Maryland Midland	67
Winchester & Western	2
Eastern Shore Railroad	<u>6</u>
Total	924

Source: Maryland Transit Administration

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The Maryland Transit Administration is responsible for operating and maintaining rail freight services and public commuter buses, metro subway, Maryland Rail Corporation (MARC) commuter trains, and light rail systems. Federal and State regulations govern the operation of rail services, with input from nongovernmental bodies.

Regulatory requirements are imposed principally at the federal level by the Surface Transportation Board, the Federal Railroad Administration, and the Federal Transit Administration. The Public Service Commission and the Division of Labor and Industry in the Department of Labor, Licensing, and Regulation enforce State requirements. Guidance is also provided by the Association of American Railroads.

For further information contact:

Maryland Transit Administration  
Department of Transportation  
6 St. Paul Street  
Baltimore, Maryland 21202  
(410) 530-5000  
Toll Free: (800) 543-9809  
Web Site: <http://www.mtmaryland.com/>

## **Railroad Safety and Health**

Maryland's Railroad Safety and Health Program is administered by the Division of Labor and Industry under the Department of Labor, Licensing, and Regulation, rather than the Department of Transportation. The program promotes safety and health in the railroad industry by seeking to reduce accidents, deaths, and injuries to persons, as well as property damage.

The division's Railroad Safety and Health Unit performs inspections and administers programs to:

- enforce federal safety regulations for equipment, locomotives, track, operating practices, and signal and train control;
- enforce requirements for clearance and walkway safety, and sanitation on railroad trains; and
- investigate railroad property and personal injury accidents and investigate citizen and employee complaints relating to railroads.

The unit investigated 27 railroad accidents in 2001 and conducted 140 inspections. It also participates in the national Operation Lifesaver program to promote safety at highway-railroad grade crossings. A telephone recording system enables the prompt reporting of train accidents and serious injuries that occur at night, on a weekend, or on a holiday.

For further information contact:

Railroad Safety and Health  
Division of Labor and Industry  
Department of Labor, Licensing, and Regulation  
1100 North Eutaw Street, Room 300  
Baltimore, Maryland 21201  
(410) 767-2990  
Web Site: <http://www.dllr.state.md.us/labor/rail.html>

## **Ports and Marine Terminals – Maryland Port Administration**

The Maryland Port Administration, established in 1956 and placed under the Department of Transportation in 1971, supervises the activities at marine terminal facilities located at Dundalk, Seagirt, Locust Point, Clinton Street, Hawkins Point, and the Fairfield Automobile terminal. The terminal facilities at Cambridge have been leased to the Sailwinds Park, Inc. to assist in that area's local redevelopment efforts. The administration manages Baltimore's World Trade Center, a multi-storied Class A office building located at the Inner Harbor.

The administration markets the Port of Baltimore throughout the world. The port links Maryland's abundant agricultural, industrial, and maritime resources to a global network of business activities and has a vital role in Maryland's economic development. In 2001 the port ranked first in the United States for importing and exporting roll-on/roll-off or "RoRo" cargo. The public terminals handle 91 percent of the port's general cargo, while the private terminals handle most of the bulk commodities, such as coal and ore.

The functions of the administration include:

- constructing and maintaining publicly-owned terminal facilities;
- operating sales and marketing offices around the world;
- analyzing cargo flow patterns and projecting future facility needs;
- coordinating with federal and other State agencies in harbor and channel dredging projects;
- issuing permits for pier construction in the harbor area or disposal of dredge material on administration property; and
- issuing regulations that address hazardous materials entering or leaving port facilities.

At all port terminal facilities, with the exception of South Locust Point which is leased to a private terminal operator, the authority leases facilities and equipment and is paid a fee or terminal services tariff.

For further information contact:

Maryland Port Administration  
Department of Transportation  
The World Trade Center  
401 East Pratt Street  
Baltimore, Maryland 21202  
(410) 385-4422  
Web Site: <http://www.mpa.state.md.us/>

## **Aviation – Maryland Aviation Administration**

The Maryland Aviation Administration is responsible for encouraging and assisting the development of statewide aeronautics. The administration owns and operates the Baltimore-Washington International Airport and the Martin State Airport. Responsibilities of the administration include developing a statewide aviation system plan to ensure a coordinated response to the needs of the public for airport facilities and services.

Baltimore-Washington International Airport, one of the fastest growing airports in the United States, served over 20 million customers in fiscal 2001 and is undergoing a \$1.8 billion expansion to accommodate the increased demand for parking and runway space. It also became the national demonstration site for new airport security procedures following the terrorist attacks on September 11, 2001.

The airport operates a comprehensive Noise Assistance Program that was certified in 1998. This program includes a voluntary land acquisition element for individuals most affected by aircraft noise, and a residential soundproofing initiative for those wanting to stay in their current homes. The administration also offers technical assistance to Maryland communities for compliance with federal aeronautical regulations and State policies.

For further information contact:

Maryland Aviation Administration  
Department of Transportation  
P.O. Box 8766  
BWI Airport, Maryland 21240-0766  
(410) 859-7060  
Web Site: <http://www.marylandaviation.com/>

## **Toll Facilities – Maryland Transportation Authority**

The Maryland Transportation Authority is the governing body for the State's toll facilities. The authority maintains its own trust fund and is financially and legally separate from the Department of Transportation. The authority is governed by the Secretary of Transportation, who is the chairman, and a group of six citizens appointed by the Governor with the advice and consent of the Senate. The authority is self-supporting and finances its transportation facility projects, including the operation, maintenance, and improvement of toll facilities, through revenue bonds and toll revenues. Additional income is derived through concession contracts with vendors on the Kennedy Memorial Highway. Toll facilities generated \$150,201,015 in revenue in fiscal 2001.

The authority's seven toll facilities – bridges, tunnels, and the Kennedy turnpike – are located in three regions of the State.

**North:** John F. Kennedy Memorial Highway (I-95)  
Thomas J. Hatem Memorial Bridge (Harford County – Susquehanna River U.S. 40)

**Central:** Baltimore Harbor Tunnel (I-895)  
Fort McHenry Tunnel (I-95)  
Francis Scott Key Bridge (Baltimore I-695)

**South:** Harry W. Nice Memorial Bridge (Potomac River U.S. 301)  
William Preston Lane, Jr. Memorial Bridge (Chesapeake Bay Bridge U.S. 50/301)

For further information contact:

Office of Media and Customer Relations  
Maryland Transportation Authority  
303 Authority Drive  
Dundalk, Maryland 21222-2200  
(410) 288-8405  
Toll Free: (888) 754-0098  
TDD: (410) 355-7024  
Web Site: <http://www.mdtransportationauthority.com/>

## **Hazardous Materials Restriction**

Vehicles carrying bottled propane gas, bulk gasoline, explosives, a significant amount of radioactive materials, or certain other hazardous materials are prohibited from using the two tunnels. Vehicles carrying Class 1 explosives (mass explosion, projection, fire, or no significant blast hazard) or radioactive materials must have permission from the authority to cross an authority toll bridge.

For further information contact:

Maryland Transportation Authority  
Department of Transportation  
Baltimore Harbor Tunnel  
1200 Frankfurt Avenue  
Baltimore, Maryland 21226  
(410) 355-3500  
Web Site: <http://www.mdtransportationauthority.com/>

## **Chapter 12. Public Utilities**

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Public service companies provide utility services such as natural gas, electricity, telecommunications, water, sewage disposal, and for-hire transportation. The Maryland Public Service Commission, established in 1910, regulates public service companies and is charged with ensuring an adequate and reliable supply of utility services at just and reasonable rates.

This chapter discusses the commission's organization, regulatory authority, regulated and unregulated services, and special programs.

### **Regulatory Authority of the Public Service Commission**

The commission exercises jurisdiction over electric companies and suppliers, gas companies and suppliers, combination gas and electric companies, telecommunications companies, water and sewage disposal companies, common carriers (passenger-for-hire motor vehicle companies, for-hire railroad companies, taxicab permits that are held by taxicab companies, passenger for-hire water companies, toll bridge companies), and liquefied gas facilities. Exhibit 12.1 shows the public service entities regulated by the commission in calendar 2002.

By statute, the commission also is required to establish fees for bay pilots and docking masters who provide piloting and docking services in the ports of the State.

The commission's jurisdiction is limited to services that are provided within Maryland. Services between Maryland and one or more other states fall under the jurisdiction of federal entities, including the Federal Energy Regulatory Commission, which regulates the interstate and wholesale activities of gas and electric utilities; the Federal Communications Commission, which regulates interstate telephone service; and the U.S. Department of Transportation, which retains limited jurisdiction over interstate commercial carriers and related services.

**Exhibit 12.1**  
**Public Service Entities Regulated**  
**by the Public Service Commission**  
**Calendar 2002**

Electric Companies	12
Gas Companies	7
Combined Gas and Electric Companies	2
Electric Suppliers	37
Gas Suppliers	33
Telecommunications Companies	355
Water Companies	20
Water and Sewage Disposal Companies	3
Railroad Companies	6
Passenger-For-Hire Motor Vehicle Companies	1,181
Passenger-For-Hire Water Companies	13
Toll Bridge Companies	1
Taxicab Permits	1,481

Source: Public Service Commission

The Public Service Commission is best known for its role in setting utility rates for public utility companies. State law authorizes the commission to hear and decide matters regarding (1) rate adjustments through tariff proceedings; (2) applications to exercise or abandon public utility franchises; (3) applications to modify the type or scope of utility services provided; (4) the issuance of securities by public service companies; (5) adoption and enforcement of new rules and regulations; (6) the construction and modification of power plants; and (7) the quality of utility and common carrier services. In addition to these functions, the commission collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, defends commission decisions on appeal to State and federal courts, and intervenes in relevant cases before federal courts and regulatory agencies.

### **Utilities Regulated by the Public Service Commission**

The commission regulates public service companies on both a general and a utility-specific basis. General regulation includes (1) requiring public utilities to obtain the commission's authorization to begin, alter, or abandon franchise operations; (2) restricting the construction of underground facilities and water or sewage disposal systems for public use; (3) requiring utilities to submit applications for approval of all

rates and charges; and (4) requiring the protection and education of consumers. The commission must also approve the issuance of stocks, bonds, and other securities by public service companies incorporated in Maryland. The commission assesses an annual fee on all public utility companies to pay the commission's expenses. The assessment is based on the commission's estimated annual operating budget.

The following section describes the commission's utility-specific regulatory requirements for (1) gas and electric companies; (2) water and sewage disposal companies; (3) telecommunications companies; and (4) transportation companies. For information regarding taxation of these utilities, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.

### **Gas and Electric Companies**

Gas and electric companies must comply with specific regulations of the commission. These regulations, which have the force of law, govern (1) commission testing and authorization of all gas and electric meters, including submeters, used for billing purposes; (2) construction of generating stations and transmission lines; (3) installation of electric metering and submetering in apartment houses; (4) fuel rate adjustments of electric companies; and (5) modification of generating stations, including operating equipment and procedures.

The commission relies on its Integrated Resource Planning Division to evaluate utility alternatives when it considers granting certificates of public convenience and necessity for electric utilities. These alternatives include new generating capacity, power purchases, energy conservation and efficiency, cogeneration, and renewable energy resources. The division evaluates these alternatives in an effort to ensure that adequate and reliable service is provided to electric customers at the lowest system cost.

The division also considers necessary features in evaluating utility system planning and operations. These features include (1) diversity, reliability, dispatch ability, and other factors of risk; (2) the ability to verify energy savings achieved through energy conservation and efficiency and the projected durability of these savings over time; and (3) the treatment of demand and supply resources on a consistent and integrated basis.

In the Maryland natural gas market, large industrial consumers currently receive gas in a competitive market. The commission recently allowed smaller business and residential consumers to enter the deregulated natural gas market as well. Utilities have established residential pilot programs to assist residential consumers move from a

regulated to a competitive natural gas market. All Maryland consumers will eventually purchase their natural gas from a competitive market.

### **Electric Restructuring**

After several years of debate in the legislature and in regulatory circles, legislation was enacted in 1999 to restructure the electric utility industry in Maryland. Under the Electric Customer Choice and Competitive Act of 1999, electric restructuring consisted of a phase-in of “customer choice” for all investor-owned utilities from 2000 to 2002, along with customer protections, a new universal service program for low-income customers, and environmental protections that address a restructured electric framework.

The primary feature of the electric utility industry restructuring was the introduction of customer choice. Prior to deregulation, the electricity industry provided three main services: the *generation* of electricity; the *transmission* of that electricity on high-capacity lines to distribution networks; and the *distribution* of the electricity to customers. The electric utility companies then “bundled” these three services and provided them to their customers within the geographically-defined monopoly service territories. Deregulation took the generation component out of this bundled service package. The resulting customer choice allows the customer to purchase electricity generated by other sources and have the electricity delivered over transmission and distribution lines of the local electric utility.

However, a customer is not required to purchase electricity from another generator. The customer has the option to remain with the current supplier under the “standard offer service” as described below. Although the Act established a phase-in of “customer choice” for investor-owned utility customers, the commission was authorized to alter the implementation schedule. Accordingly, all customers of these utilities had access to customer choice as of July 1, 2000. There are four large investor-owned utilities (Baltimore Gas and Electric Company, BGE; Delmarva Power and Light Company, Conectiv; Potomac Edison Company, Allegheny Power; and Potomac Electric Power Company, PEPCO. As of August 2002, PEPCO and Conectiv merged to be subsidiaries of PEPCO Holdings, Inc.).

For electric cooperatives, all customers will have access to customer choice by July 1, 2003. There are four electric cooperatives (A&N Electric Cooperative; Choptank Electric Cooperative; Somerset Rural Electric Cooperative; and Southern Maryland Electric Cooperative, SMECO). Municipal electric utilities are not required to allow customer choice unless the utility elects this option and files a plan and schedule with the commission. There are five municipal electric utilities (Berlin Municipal Electric Company, Easton Utilities Commission, Hagerstown Municipal Electric Light Plant,

Thurmont Municipal Light Company, and Williamsport Municipal Electric Light System).

Two comprehensive mechanisms protect regulated rates for electric customers during the transition to electric restructuring: a rate cap and a mandated rate reduction. The 1999 restructuring law required capped rates through July 30, 2003. However, through settlement agreements between the utilities and interested parties, individual rate caps with six utilities were negotiated. The cap includes any allowed transition costs that utilities are authorized to collect and any fees for universal service. Exhibit 12.2 displays the rate cap or freeze negotiated with six of the utilities that provide in-State gas and electric services.

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**Exhibit 12.2**  
**Electricity Distribution Rate Restrictions under Electric Restructuring**

	<u>Rates Capped</u>	<u>Rates Frozen</u>
<b>BGE</b>		<i>Residential</i> through 6/30/06 <i>Commercial</i> through 6/30/04 <i>Large Industrial</i> through 6/30/02
<b>PEPCO</b>	<i>Residential</i> and <i>Commercial</i> through 6/30/04	
<b>Conectiv</b>		<i>Residential</i> through 6/30/04 <i>Commercial</i> through 6/30/03
<b>Allegheny Power</b>	<i>Residential</i> and <i>Commercial</i> through 6/30/04	
<b>SMECO</b>	<i>Residential</i> and <i>Commercial</i> through 12/31/04 Rates then set by commission through 12/31/08	
<b>Choptank Electric Cooperative</b>	<i>Residential</i> and <i>Commercial</i> through 6/30/05	

Note: Under the PEPCO/Conectiv merger, distribution rates for all customers are capped through 12/31/06.

Source: Public Service Commission

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For residential customers of investor-owned utilities, the 1999 Act mandated a four-year rate reduction, beginning July 1, 2000, of 3 to 7.5 percent of base rates as measured on June 30, 1999. The commission allocates the rate reduction among generation, transmission, and distribution components of residential electric rates, thus giving a portion of the rate reduction to customers who choose a different generation supplier as well as those who remain with standard offer service. In achieving the rate reduction, the commission may consider a variety of factors.

“Standard offer service” is electricity purchased from the electric company that distributes electricity to the customer. Until July 1, 2003 for investor-owned utilities and July 1, 2005 for cooperatives, each electric company must offer a standard offer service, at the regulated capped rate, to a customer who (1) does not choose a new electric supplier; (2) has not been offered customer choice; (3) contracts for outside electricity supply that is not delivered; or (4) has been denied service by an electric supplier. After July 1, 2003, if the electricity supply market is not competitive or if the commission has not received an acceptable competitive proposal for supplying standard offer service, the commission must extend the current obligation to serve, at a market price sufficient to provide the electric company with the opportunity to recover verifiable, prudently incurred costs to procure or produce the electricity plus a reasonable return.

Through settlement agreements between the utilities and interested parties, the standard offer service rates are capped or frozen for a longer period. For BGE, PEPCO, and Conectiv the dates coincide with the dates used for their respective distribution rate restrictions (Exhibit 12.2). Allegheny Power caps its standard offer service through December 31, 2004 for commercial customers and through December 31, 2008 for residential customers. SMECO freezes its standard offer service through December 31, 2004, after which it intends to offer the service at market-based prices through December 31, 2008. Similarly, Choptank Electric Cooperative freezes its standard offer service through June 30, 2005, after which it intends to offer the service at market-based prices through June 30, 2010.

One of the most complex issues in restructuring the electric utility industry was how to treat transition costs or benefits, the difference between the book value and market value of an electric company’s generation assets, subject to adjustments for reasons of public policy. Although under the restructuring law an electric company may recover certain prudently incurred transition costs (known as “stranded costs”), it may only do so under a commission-approved transition plan that is developed in accordance with fact-finding and evidentiary proceedings, and is subject to full mitigation.

If approved by the commission, an electric company with verified recoverable transition costs may assess a competitive transition charge that applies generally to

customers located in the electric company's service territory. An electric company may transfer any of its generation facilities or other generation assets to an affiliate, but the transfer may not affect or restrict the ability of the commission to determine the value of a generation asset for purposes of transition costs or benefits.

Under settlement agreements between the utilities and interested parties (1) BGE was allowed to recover \$528 million of transition ("stranded") costs over a four- to six-year period, with commercial customers paying about 63 percent and residential customers paying the remaining 37 percent of these costs; (2) PEPCO did not result in transition costs; (3) Conectiv was allowed \$8 million of transition ("stranded") costs to be paid by commercial customers; and (4) Allegheny was allowed transition ("stranded") costs recovery for the buy-out or buy-down of its power purchase contracts at the Warrior Run Power Plant facility in Cumberland.

As of the fall of 2002, 25 companies were licensed with the commission as suppliers in the State. Nevertheless, the vast majority of electricity sold in the State is produced by conventional central station power plants of the State's four large investor-owned utilities.

### **Water and Sewage Disposal Companies**

Twenty-three private companies provide water services, sewage disposal services, or both to Maryland residents. Under State regulations, a private water or sewage disposal system for public use may not be constructed without prior approval of the commission. The approval process includes a review of all proposed financing plans for the system. Governmental agencies and municipal corporations are exempt from this review.

The commission also closely regulates interjurisdictional water supply activities. For example, a county or municipal corporation may supply water to another county, sanitary district, or municipal corporation. The entity receiving the water may submit a written application requesting the commission to fix or alter the water rates. The commission may then fix or alter these rates, effectively treating the supplying county or municipal corporation as a water company.

Any municipal corporation in Talbot County that wishes to supply water to an area outside its boundaries may apply to the commission for a certificate of authority to supply that area with water.

Finally, the commission has the authority to alter rates for sewage disposal. Any county or municipal corporation also may submit a written application requesting the commission to fix or alter rates for sewage disposal service supplied within the county or municipal corporation by another county or municipal corporation. The commission may then fix or alter these rates, effectively treating the supplying subdivision as a sewage disposal company. This rate-setting function does not apply to contracts establishing rates for sewage disposal service between supplying and receiving subdivisions.

### **Telecommunications Companies**

In regulating telecommunications, the commission reviews tariff filings and rate revisions, authorizes telephone and telegraph companies to provide new service offerings, and regulates the intrastate services of long distance (interexchange) companies and companies that resell interexchange service.

Verizon Maryland, Inc. (formerly Bell Atlantic – Maryland, formerly C&P Telephone) is the traditional provider of local telephone service in virtually all of Maryland. However, Verizon now faces competition from 226 additional telephone companies that have been authorized to provide local service. As of the fall of 2002, 49 companies were authorized to provide facilities-based long distance services, dominated by AT&T Communications of Maryland, MCI WorldCom Communications, and Sprint Communications Company L.P. An additional 318 companies provide resale long distance services.

The commission's telecommunications-related activities are largely directed toward enhancing competition in the local exchange market through arbitrating interconnection agreements between Verizon Maryland, Inc. and several competitors and monitoring service quality reports.

### **Transportation Companies**

The commission enforces laws pertaining to the safety, rates, and service of transportation companies operating in Maryland by analyzing rate filings and service offerings, monitoring the operations of transportation companies, and inspecting vehicles to ensure that they comply with safety regulations. The commission also regulates the issuance of permits and licenses for passenger-for-hire companies (both motor vehicle and waterborne), for-hire railroad companies, and taxicab permits in Baltimore City, Baltimore County, Cumberland, and Hagerstown. In calendar 2002 the commission regulated 1,181 passenger-for-hire motor vehicle companies, 13 passenger-for-hire water companies, and 1,481 taxicab permits that are held by 626 taxicab companies. For more detailed information on transportation services and the regulation of the transportation

industry, please refer to Chapter 11 of this volume and *Government Services in Maryland*, Volume II of the Legislative Handbook Series.

## **Power Plant Research Program**

In addition to its regulatory duties, the Public Service Commission works with the Department of Natural Resources in the Power Plant Research Program. The program, established in 1971 as the Power Plant Siting Program, was renamed in 1986, to be part of the department's Power Plant and Environmental Review Division. Originally established to explore siting issues for nuclear power plants, the program now assesses the environmental impacts on air quality, ground and surface water, and wetlands associated with all electric power plants.

The department makes recommendations based on the findings of the program to regulatory bodies such as the commission during licensing or permitting proceedings. The activities of the program include (1) predicting the impact of proposed new generating facilities; (2) evaluating the acceptability of proposed transmission line routes; (3) assessing the impact on existing generating facilities; (4) identifying sites for utilities that are otherwise unable to find a suitable site for generation; (5) forecasting future demand for electric power; and (6) investigating information gaps through a long-range research program.

An environmental surcharge assessed on the generation of power by Maryland power plants funds this program. Utilities collect the surcharge from electricity purchasers, whether located in or out of the State. Revenues generated from the surcharge are placed in the Environmental Trust Fund. As provided in statute, the surcharge expires in June 2005.

## **Entities Not Regulated by the Public Service Commission**

Although the commission regulates more than a dozen types of utilities, several industries and services are either unregulated or are regulated by other government entities. Exhibit 12.3 displays the most common utility-related industries and services that are not regulated by the commission. These include cable television, home heating oil, Internet service providers, municipally-owned water companies, propane/bottled gas (also known as "bottle oil"), and wireless telecommunications.

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**Exhibit 12.3**  
**Utility-related Industries and Services Not Regulated**  
**by the Public Service Commission**

Cable Television	Subject to various federal statutes and the rules and regulations of the Federal Communications Commission. Regulated by various local municipal or county governments through franchising agreements
Home Heating Oil	Unregulated in Maryland
Internet Service Providers	Unregulated
Municipally-Owned Water Companies	Local municipalities are direct service providers
Propane/Bottled Gas	Unregulated in Maryland
Wireless Telecommunications	Unregulated under Maryland law

Source: Public Service Commission

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### **Cable Television**

The commission does not regulate the rates, terms, conditions, or service quality of cable television in Maryland. Instead, cable systems are largely regulated by federal law, the rules and regulations of the Federal Communications Commission, and various local governing bodies through franchising agreements. Local municipal and county governments grant franchises to cable companies operating within their boundaries, charge licensing and franchising fees for rights-of-way, and address complaints concerning service interruptions, signaling quality, and basic cable service rates. For information on the structure, powers, and revenue sources of local government in Maryland, see *Maryland Local Government: Structure and Powers*, Volume VI and *Maryland Local Government: Revenues and State Aid*, Volume VII of the Legislative Handbook Series.

## **Home Heating Oil**

Due to ample competition in the industry, the commission does not regulate home heating oil companies. Consumers in contractual disputes with home heating oil providers may contact the Consumer Protection Division of the Office of the Attorney General.

## **Internet Service Providers**

Internet service providers are not regulated by the State or by the Federal Communications Commission. Consumers may contact the Consumer Protection Division of the Office of the Attorney General to address contractual disputes with providers. Cases of suspected fraud can be reported to the Federal Trade Commission. In 2000 the National White Collar Crime Center and the Federal Bureau of Investigation cooperated to form an Internet Fraud Complaint Center to facilitate the flow of information among law enforcement agencies and victims of Internet fraud.

## **Municipally-owned Water Companies**

In regulating water companies, the commission's authority applies only to privately-owned, for-profit companies authorized to provide service within a specified service territory. The commission does not regulate municipally-owned water companies, nor does it set rates for such entities as the Washington Suburban Sanitary Commission, which provides water and sewer service in Montgomery and Prince George's counties.

## **Propane/Bottled Oil**

As with home heating oil, the commission does not regulate bottled propane or gas due to sufficient competition in the industry. Consumers in contractual disputes with propane or bottled gas providers may contact the Consumer Protection Division of the Office of the Attorney General.

## **Wireless Telecommunications**

Wireless or cellular telecommunications services are not regulated under Maryland law. Cellular telephone companies are specifically excluded from the definition of a "telephone company" under the Public Utility Companies Article.

## **Organization of the Public Service Commission**

The commission consists of five commissioners, appointed by the Governor with the advice and consent of the Senate, who serve five-year, staggered terms. Four divisions and the Office of General Counsel carry out the commission's administrative and regulatory duties.

The Office of General Counsel provides legal advice, represents the commission in external administrative proceedings, and defends commission orders in State and federal courts. The office plays an active role in the commission's regulatory enforcement activities, serves as the commission's legislative liaison, responds to requests for information, and reviews legal issues such as those involving the Environmental Trust Fund and the implementation of the federal Telecommunications Act of 1996.

The Administrative Division consists of five sections: management information systems; fiscal and budget; personnel; purchasing, procurement, and administrative services; and document management. The division establishes the commission's docket, maintains official records, and carries out the commission's directives regarding the assignment and completion of duties within the commission.

The Office of External Relations investigates and responds to consumer inquiries and complaints relating to gas, electric, and telephone services. The office also provides timely information about the commission's decisions and actions regarding utility regulation to consumer groups, the general public, and the media.

The Hearing Examiner Division conducts formal proceedings in matters referred by the commission and files proposed orders on behalf of the commission. Division proceedings involve applications for construction of power plants and high-voltage transmission lines; rates and other matters for gas, electric, and telephone companies; purchased gas and electric fuel rate adjustments; matters relating to bus, trucking, passenger common carrier, water, and sewage disposal companies; plant equipment and depreciation; and consumer complaints not resolved at the administrative level.

The Office of the Executive Director coordinates the analysis of utility filings and operations and the presentation of testimony in formal and informal proceedings. The office provides expertise on accounting and financial issues, conducts metering inspections of utilities, is responsible for ensuring hazardous liquid and gas pipeline safety, and conducts economic, financial, and policy analyses relevant to utility regulation.

For further information contact:

Public Service Commission  
William Donald Schaefer Tower  
6 St. Paul Street, 16th Floor  
Baltimore, Maryland 21202  
Phone: (410) 767-8000  
E-mail: [mpsc@psc.state.md.us](mailto:mpsc@psc.state.md.us)  
Web Site: <http://www.psc.state.md.us/psc/home.htm>

### **Office of the People's Counsel**

While the commission regulates the supply of utility services, the Office of the People's Counsel, an independent State agency, represents consumer and noncommercial interests relating to utilities. The office represents residential customers in utility matters before the commission and other State and federal agencies in actions related to electricity, natural gas, telephone, water and sewage disposal, and transportation.

For further information contact:

Office of the People's Counsel  
William Donald Schaefer Tower  
6 St. Paul Street, Suite 2102  
Baltimore, Maryland 21202  
Phone: (410) 767-8150  
E-mail: [mdopc@mail.state.md.us](mailto:mdopc@mail.state.md.us)  
Web Site: <http://www.opc.state.md.us/opc/>



## Chapter 13. Sports

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Maryland regulates thoroughbred and harness racing, boxing, professional wrestling, and kickboxing to maintain the integrity of these sporting events, and protect participants and the public interest. The Maryland Racing Commission and the State Athletic Commission, both of which are part of the Department of Labor, Licensing, and Regulation, oversee and enforce the State regulation of these activities.

This chapter discusses the regulatory structure governing these sports, the functions of the regulatory bodies, and the State's role in licensing sports agents.

### **Thoroughbred and Harness Racing**

Horse racing is financed by the receipts from controlled legalized gambling on horses and is subject to extensive regulation. Since 1920 the Maryland Racing Commission has regulated horse racing in the State and has sought to protect and promote the public interest in all matters pertaining to horse racing and wagering.

The commission is responsible for regulating, with few exceptions, the conduct of all pari-mutuel wagering and other aspects of horse racing in the State. The commission:

- approves racing dates;
- approves specific types of wagering and collects wagering taxes;
- regulates the size of the purse and stake, and the price of admission
- regulates the charge made for an article or service sold at the meets; and
- operates a drug testing laboratory to protect the integrity of horse racing for the benefit of the betting public and competing jockeys.

All persons, including individuals, associations, and corporations, involved with horse racing must be licensed by the commission. Any person engaged in racing in Maryland under an assumed name must register with the commission for permission to use the name. The commission may revoke or suspend the license of any person engaged in racing within the State who violates the racing laws or commission rules and regulations.

The commission also licenses owners, trainers, assistant trainers, jockeys, veterinarians, farriers, stable employees, mutuel employees, track employees, vendors, caterer employees, and maintenance employees. The number of registrations and licenses issued in calendar 2000 and 2001 are summarized in Exhibit 13.1.

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**Exhibit 13.1**  
**Licensing of Horse Racing**  
**Calendar 2000 – 2001**

	<u>2000</u>	<u>2001</u>
Licenses issued	9,745	9,892
Registration	1,381	849

Source: Maryland Racing Commission

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Thoroughbred racing is held at mile tracks (Laurel Race Course and Pimlico Race Course) and at the Timonium Race Course (State Fair). A track in Bowie is used only for training and stabling horses. Harness racing (also known as standardbred) is held at Rosecroft Raceway and Ocean Downs Racetrack. In fiscal 2001 there were 411 days and nights of racing in the State, with the majority of the racing at the mile thoroughbred tracks (231) and the harness tracks (179). Fair Hill, a steeplechase facility, is permitted to have up to eight race days a year, although there was only one race day in 2001.

Since the late 1980, the commission has been authorized to establish a system of inter-track wagering at all thoroughbred and harness racetracks in the State. By the early 1990s the inter-track wagering system was expanded to allow for satellite simulcast betting or off-track betting.

Off-track betting allows races to be televised and wagered on at nontrack sites, as well as at tracks. The handle of the off-track betting site is included in the mutuel pools of the sending track. Sites may be licensed as off-track betting facilities if they include high quality dining and seating areas, have tele-theatre screen capacity, and are not within a 35-mile radius of a mile thoroughbred track or harness track (although this provision may be waived with approval from the affected parties). In addition to the 411 race days in 2001, there were 653 simulcast only days (127 simulcasts of thoroughbred racing and 526 simulcasts of harness racing). As of the fall of 2002, there were three sites operating as off-track betting facilities.

In 1999 and 2000 the General Assembly passed legislation that required the State to distribute \$10 million in each of these years of net lottery revenues for purse enhancements. Over the two-year period, purses were enhanced by a total of \$17.7 million. The remaining \$2.3 million was used, as provided for in the law, to supplement existing bred funds and improve the health and education benefits for eligible persons licensed by the commission.

The 2000 legislation also established the Racing Facility Redevelopment Bond Fund for the purpose of servicing any debt the Maryland Economic Development Corporation issues for track and facility improvements. The fund is nonlapsing and revolving and derives income from (1) increases in takeout from bets placed on thoroughbred and harness races; (2) funds from uncashed pari-mutuel tickets; (3) revenues from investment of the fund; and (4) any other revenue, gift, or donation. As of July 31, 2002, the corporation had not issued any debt for track improvements and consequently the fund has not been used.

The State collects revenue in the form of pari-mutuel wagering taxes (.32 percent tax), and license fees from horse racing. (For further information regarding horse racing taxes and fees, see *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.)

Other funds also fall under the regulatory authority of the commission. The Maryland-Bred Race Fund was created in 1962 under the direction of the Maryland-Bred Race Fund Advisory Committee to develop an incentive program to encourage the improvement of thoroughbred breeding and racing. The Maryland Standardbred Race Fund was created in 1971 to promote the breeding of standardbred horses in Maryland. Both funds are supported by an assessment on each track licensee of a portion of the mutuel pool of all horse races. The funds are then distributed as purse money and awards to owners and breeders.

The Maryland Jockey Injury Compensation Fund, established in 1985 as a nonprofit organization, provides a blanket workers' compensation insurance policy for all jockeys who are licensed by the commission and participate at Maryland race tracks.

For further information contact:

Maryland Racing Commission  
Division of Racing  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Room 201  
Baltimore, Maryland 21202  
(410) 230-6271  
Web Site: <http://www.dllr.state.md.us/racing/>

## **Boxing, Wrestling, and Kickboxing**

The Maryland State Athletic Commission, established in 1920, sets forth the rules and regulations for amateur boxing matches and exhibitions and professional boxing, wrestling, and kickboxing matches and exhibitions. The commission licenses the participants and other persons involved in these sports, and is responsible for regulating the direction, management, and control of these events.

In addition, the commission sets regulations concerning ticket sales, facilities and equipment, and contractual relationships between promoters or managers and boxers, wrestlers, or kickboxers. Health and safety regulations established by the commission include standards for contestant physicals, ophthalmologic and neurologic health, medical suspensions, and promoter/contestant safety responsibilities. The commission is also responsible for regulating the drug testing of contestants.

Except in certain limited situations, a promoter of a live boxing, kickboxing, or wrestling event is required to pay the greater of \$200 or 10 percent of the gross receipts from the event. An individual or organization that shows a boxing, kickboxing, or wrestling event on a pay-per-view cable or satellite transmission basis is required to pay a 10 percent tax on the gross proceeds from the event.

The licenses issued by the commission are summarized in Exhibit 13.2. Annual license fees include \$150 for a promoter; \$25 for a matchmaker; \$25 for a manager; \$15 each for a judge or referee; and \$10 for a boxer, wrestler, or kickboxer.

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**Exhibit 13.2**  
**Licensing of Boxing, Wrestling, and Kickboxing**  
**Fiscal 2001 – 2002**

	<u>2001</u>	<u>2002</u>
Number of licenses	558	526
Matches supervised		
Boxing	73	61
Wrestling	368	310
Medical examinations	1,205	1,075
Investigations	7	6
Administrative actions	51	50

Source: State Athletic Commission

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For further information contact:

State Athletic Commission  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street  
Baltimore, Maryland 21202  
(410) 230-6223  
Web Site: <http://www.dllr.state.md.us/occprof/athlet.html>

## **Sports Agents**

The Department of Labor, Licensing, and Regulation licenses individual and corporate sports agents. A “sports agent” is a person who directly or indirectly recruits or solicits an athlete to enter into a contract with that person for a fee, or attempts to obtain employment for an athlete with a professional sports team for a fee. An “athlete” is a person who is, or has been, a member of a Maryland high school sports team or a higher education institution sports team located in Maryland.

Contracts (either an agent contract or a financial services contract) must be filed with the department. The department may suspend or revoke the license of a person who has violated any law governing sports agents. In addition, violators are subject to criminal penalties of a fine not exceeding \$10,000 or imprisonment not exceeding one year, or both.

The annual license fee for a sports agent is \$1,000. As of the fall of 2002, there were five licensed sports agents in the State.

For further information contact:

Department of Labor, Licensing, and Regulation  
Licensure of Sports Agents  
500 North Calvert Street  
Baltimore, Maryland 21202  
(410) 230-6271  
Web Site: <http://www.dllr.state.md.us/occprof/sportag.html>



## **Chapter 14. Occupational and Professional Licensing**

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The quality of services provided by individuals and entities in a wide variety of business occupations and professions can significantly affect public health, safety, and welfare. To ensure minimum standards of competency, the Department of Labor, Licensing, and Regulation; the Office of the Attorney General; the Department of State Police; the Court of Appeals; and the Department of Public Safety and Correctional Services regulate a significant number of businesses, occupations, and professions.

The regulatory functions of these State agencies are accomplished through various occupational and professional boards, commissions, and programs. The laws regulating these professions are provided in the Business Regulation Article and the Business Occupations and Professions Article. Also, other sections of law provide regulations, including Section 49C of Article 89 “Miscellaneous Business, Work, and Safety Provisions” for the Maryland State Elevator Safety Review Board; and Article 4, Section 4-1, Public Local Laws of Baltimore City for the Maryland State Board of Examining Engineers. This chapter describes the general regulatory functions of the various occupational and professional boards, commissions, and programs and, by State agency, the specific regulatory responsibilities of each board, commission, and program.

### **General Functions**

The general functions of the various boards, commissions, and programs include reviewing applications; administering examinations; issuing licenses, permits, or certificates; and investigating complaints from the public. Each board, commission, and program has the authority to issue licenses, permits, or certificates based on standards specified in State law and established by the individual board, commission, or program. Through fees charged for the licensing, permitting, or certification process, each board, commission, and program raises revenue to offset the cost of regulation.

Each board, commission, and program may deny, suspend, or revoke certain licenses, permits, or certificates if an applicant or holder of a license, certificate, or permit is convicted of a felony or a misdemeanor that is directly related to the fitness and qualification of the applicant or holder to practice the regulated activity. Each board, commission, and program also has the authority to impose penalties against individuals who commit prohibited acts, such as practicing without regulatory authority. Penalties include fines, imprisonment, or both.

Most boards and commissions are subject to the Maryland Program Evaluation Act, which requires the Department of Legislative Services to examine the effectiveness

of their operations and activities on a periodic basis. Many of the boards and commissions have a sunset date (fixed date for termination) that the General Assembly may extend following its review of the “sunset” reports and recommendations prepared by the Office of Policy Analysis in the Department of Legislative Services.

## **Department of Labor, Licensing, and Regulation**

Through several divisions of the Department of Labor, Licensing, and Regulation, a significant number of businesses, occupations, and professions are regulated. The Division of Occupational and Professional Licensing administers regulatory programs that govern the practice of 21 occupations and professions in Maryland. Except for the State Athletic Commission and the licensure of sports agents (described in Chapter 13 of this handbook), the division’s licensing boards, commissions, and programs are described in this chapter. The Division of Financial Regulation regulates the collection agencies (other regulatory functions are described in Chapter 7 of this handbook). The Division of Labor and Industry regulates employment agencies. Lastly, the department regulates elevator contractors and elevator mechanics.

### **Accountants**

The State Board of Public Accountancy regulates and licenses individuals acting as certified public accountants and issues permits to business entities that provide accountancy services.

An individual must pass an examination before becoming licensed as a certified public accountant. Examinations are administered in May and November of each year. To take the examination, applicants must meet educational and experience criteria. An applicant must possess a baccalaureate degree from an accredited institution with satisfactory completion of 150 semester hours, 57 of which must be in accounting-related subjects. After passing the examination, a candidate must take the home study course in professional ethics.

Certified public accountants from other states may apply for a reciprocal license. Limited licenses may be issued to individuals and entities that practice in Maryland but do not maintain an office in the State, if they meet specified criteria.

The board issues three types of licenses – active certified public accountant, inactive accountant, and reciprocal – and four types of permits – corporation, limited liability partnership, limited liability company, and partnership.

The examination costs \$218 for first time applicants, \$188 for applicants taking a reexamination of the entire test, and \$119 for applicants taking a reexamination of various sections of the test. The board charges \$15 for an active certified public accountant original license and \$40 for a biennial renewal. The board charges \$25 for an original business permit and for a biennial renewal. The board collected \$373,499 in licensing and related fees in fiscal 2001 and \$829,286 in fiscal 2002.

For further information contact:

Maryland State Board of Public Accountancy  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6258  
Web Site: <http://www.dllr.state.md.us/>

### **Architects and Landscape Architects**

The State Board of Architects regulates and licenses architects, and the State Board of Examiners of Landscape Architects regulates and licenses landscape architects.

Practicing architecture means providing any service or creative work with regard to an addition to, alteration of, or construction of a building or an integral part of a building that requires education, training, and experience in architecture. The practice of architecture includes architectural design and preparation of related documents; consultation; coordination of services that civil, electrical, mechanical, or structural engineers or any other consultants provide; evaluation; investigation; and planning. To qualify for a license, an applicant must pass an examination and meet educational and experience criteria. If an applicant has practical work experience and training that the board considers appropriate, the applicant is exempt from meeting the educational criteria. Nonresident architects who wish to practice architecture in the State must apply for a license by reciprocity.

Practicing landscape architecture means providing any service or creative work in the analysis or design of land and natural resources that requires training and experience in the application of the biological, physical, mathematical, and social sciences and performing design coordination of a project or portion of a project. The practice of landscape architecture includes consultation, research, analysis, assessment, selection, and allocation of land and natural resources; development of criteria to govern the planning and design of land development and construction programs; in conjunction with site plan preparation, the performance of determining a grade and drainage and preparing and designing stormwater drainage systems. To qualify for a license, an applicant must

pass an examination and meet educational and experience criteria. Nonresident landscape architects who wish to practice in the State must apply for a license by reciprocity.

A business must obtain a permit from the appropriate board if the business wishes to (1) operate a business through which a licensed architect practices architecture or a licensed landscape architect practices landscape architecture; and (2) represent to the public that the business provides services of a licensed architect or licensed landscape architect. The permit authorizes the holder to provide a service that constitutes practicing architecture or landscape architecture only if an individual who is licensed or otherwise authorized to practice architecture performs the service or landscape architecture. A business may provide landscape architectural services for itself or for an affiliated corporation without a permit.

The Board of Architects charges \$60 for an original license and \$20 for a biennial renewal. The Board of Examiners of Landscape Architects charges \$100 for an original license and \$200 for a biennial renewal. Both boards charge \$100 for a license by reciprocity. The Board of Architects charges \$25 for an original permit and \$30 for a biennial renewal. The Board of Examiners of Landscape Architects charges \$50 for an original permit and a biennial renewal. The Board of Architects collected \$125,242 in licensing and related fees in fiscal 2001 and \$115,526 in fiscal 2002. The Board of Examiners of Landscape Architects collected \$88,363 in licensing and related fees in fiscal 2001 and \$109,002 in fiscal 2002.

For further information contact:

Maryland State Board of Architects  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: <http://www.dllr.state.md.us/>

Maryland State Board of Examiners of Landscape Architects  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: <http://www.dllr.state.md.us/>

## **Barbers and Cosmetologists**

The State Board of Barbers regulates and licenses barbers, and the State Board of Cosmetologists regulates and licenses cosmetologists.

Practicing barbering means cutting, styling, relaxing, body waving, shampooing, or coloring hair; shaving or trimming a beard; massaging a face; and designing, fitting, or cutting a hairpiece. To qualify for a master barber license, an individual must (1) successfully complete at least 1,200 hours of training in a barber school or an apprenticeship of at least 2,250 hours within two years under the supervision of a master barber in a barbershop that holds a barbershop permit; and (2) pass an examination. The board may waive the examination requirement for an individual who is licensed to practice barbering in another state.

Practicing cosmetology means beautifying, cleaning, or embellishing hair; arching or dyeing eyebrows; providing makeup artist services; providing esthetic services; or providing nail technician services. To qualify for a cosmetologist license, an individual must (1) meet certain age and high school education requirements; (2) successfully complete at least 1,500 hours of training in a cosmetology school or training by serving as a registered apprentice under the supervision of a licensed senior cosmetologist in a beauty salon or barbershop that holds a valid permit; and (3) pass an examination. The board may waive the examination requirement for an individual who is licensed to practice as a cosmetologist in another state.

An individual may also submit an application for a limited cosmetologist license to provide makeup artist services, esthetic services, or nail technician services. Except for an applicant for a limited license to provide makeup artist services, to qualify for a limited cosmetologist license, an individual must (1) meet certain age and high school education requirements; (2) complete training in the field of focus; and (3) pass an examination. In addition to the other requirements for a limited license, an applicant for a limited license to provide makeup artist services must submit to the board credentials that certify sufficient training.

A person who wishes to operate a barbershop or beauty salon must obtain a permit from the appropriate board. A person may operate a beauty salon as a limited practice beauty salon and offer cosmetology services limited to providing makeup artist services, esthetic services, or nail technician services if the required limited practice permit is obtained.

The Board of Barbers charges \$50 for an original barber and master barber license and for a biennial renewal. The Board of Cosmetologists charges \$25 for an original

cosmetologist, esthetician, nail technician, makeup artist, and senior cosmetologist license and for a biennial renewal. Both boards charge \$10 for an apprentice license. Both boards charge \$200 for a permit to operate a barbershop or beauty salon and \$50 for a biennial renewal. The Board of Barbers collected \$224,205 in licensing and related fees in fiscal 2001 and \$195,321 in fiscal 2002. The Board of Cosmetologists collected \$837,990 in licensing and related fees in fiscal 2001 and \$870,888 in fiscal 2002.

For further information contact:

Maryland State Board of Barbers  
500 North Calvert Street, Room 307  
Baltimore, Maryland 21202  
(410) 230-6320  
Web Site: <http://www.dllr.state.md.us/>

Maryland State Board of Cosmetologists  
500 North Calvert Street, Room 307  
Baltimore, Maryland 21202  
(410) 230-6320  
Web Site: <http://www.dllr.state.md.us/>

## **Cemeteries**

The Office of Cemetery Oversight, established in 1997, regulates cemeteries, including those offering perpetual care and preneed burial contracts. An individual must be registered with the office before operating a cemetery or providing burial goods. A corporation, limited liability company, or partnership must obtain a permit before operating a cemetery or burial goods business.

To qualify for a registration, an applicant must demonstrate that the cemetery or burial goods business with which the applicant is affiliated is financially stable. To qualify for a permit, the business entity must designate a registered cemeterian or seller as the individual responsible for the oversight of each cemetery or burial goods business.

Bona fide, religious nonprofit cemeteries that do not sell preneed goods are exempt. Also, morticians, funeral directors, and funeral homes are exempt because they are regulated by the State Board of Morticians.

The office investigates and mediates consumer complaints involving cemeteries or burial goods sold by State-registered cemetery personnel. The office also enforces and monitors the ethical standards related to the operation and sale of cemetery and burial

goods to protect the citizens of Maryland from unfair and unscrupulous practices in the cemetery industry.

Sellers of preneed goods and services, including funeral directors and morticians, must distribute a general price list, disclose all the goods and services reasonably expected to be required at the time of need but not included in the preneed contract, and disclose the buyer's cancellation and refund rights. All preneed sellers of caskets or casket vaults must deposit in a trust or escrow account 80 percent of the payment for caskets or casket vaults.

Registration and permit fees are based on the number of contracts sold and renewed biennially. The office collected \$13,429 in licensing and related fees in fiscal 2001 and \$299,280 in fiscal 2002.

For further information contact:

Office of Cemetery Oversight  
Advisory Council on Cemetery Oversight  
500 North Calvert Street  
Baltimore, Maryland 21202  
(410) 230-6229  
Web Site: <http://www.dllr.state.md.us/>

## **Certified Interior Designers**

The State Board of Certified Interior Designers certifies interior designers who use the title "certified interior designer" or the term "certified interior design services" on any card, device, sign, stationery, or other means of identification or communication.

Interior design services include the planning and design of interior spaces not materially related to or materially affecting building systems. To qualify for certification, an applicant must pass an examination prepared by the National Council for Interior Design Qualification and meet education and experience criteria. Out-of-state applicants may also qualify through reciprocity. To qualify for renewal of a certificate, the certification holder must meet continuing education requirements.

The board charges \$150 for an original certification and \$200 for a biennial renewal. Applicants also pay an examination fee. The board collected \$34,691 in licensing and related fees in fiscal 2001 and \$29,785 in fiscal 2002.

For further information contact:

Maryland State Board of Certified Interior Designers  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: <http://www.dllr.state.md.us/>

## **Collection Agencies**

The State Collection Agency Licensing Board regulates and licenses collection agencies, excluding entities that collect their own consumer debt. A collection agency is an individual or business entity that collects or solicits a consumer claim for a third-party debt or sells systems used to collect debt. Maryland is one of only eight states that has established a board to provide oversight of collection agencies.

To qualify for a license, an applicant must file a \$5,000 surety bond to cover the costs that result from any violations that the applicant commits. The board requires each place of business of a collection agency to obtain a separate license. The board charges \$400 for an original license and for a biennial renewal. The board collected \$82,400 in licensing and related fees in fiscal 2001 and \$430,800 in fiscal 2002.

For further information contact:

State Collection Agency Licensing Board  
Commissioner of Financial Regulation  
500 North Calvert Street, Room 402  
Baltimore, Maryland 21202  
(410) 230-6100  
Web Site: <http://www.dllr.state.md.us/>

## **Electricians**

The State Board of Master Electricians regulates and licenses electricians. Providing electrical services means providing a service in the electrical trade, including installing, repairing, or altering any electrical wiring, fixture, appliance, apparatus, raceway, or conduit that generates, transmits, transforms, or uses electrical energy in any form for light, heat, power, or communication.

To qualify for the master electrician license, an applicant must meet experience requirements and pass an examination. An individual is not required to maintain a State license if the individual qualifies for and holds a current local license in the jurisdiction in

which the individual is providing electrical services. Most counties and three municipal corporations in the State have local licensing regulations for master electricians.

The holder of an out-of-state master electrician license may secure the necessary county master electrician license without meeting the examination requirement through an established system of reciprocal licensing. Since the State license is a nonperforming license (a mechanism by which a local license may be obtained), complaints against an electrician are handled in the local jurisdictions where the complaint originates. However, all complaints are reported to the board. In addition, the holder of a State license may use the State license to obtain a local license and assign the local license to another person who engages in the business of providing electrical services. The names of both the license holder and assignee must appear on the State license.

The board charges \$20 for an original master electrician license and \$25 for a biennial renewal. The board charges \$20 for a master inactive license and \$50 for a biennial renewal. The board charges \$20 for an assigned active license and \$25 for a biennial renewal. The board collected \$93,572 in licensing and related fees in fiscal 2001 and \$80,839 in fiscal 2002.

For further information contact:

Maryland State Board of Master Electricians  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202  
(410) 230-6270  
Web Site: <http://www.dllr.state.md.us/>

## **Elevator Contractors and Elevator Mechanics**

The Elevator Safety Review Board regulates and licenses elevator contractors and elevator mechanics and recommends standards relating to the safe operation, maintenance, servicing, construction, alteration, installation, and inspection of elevators, dumbwaiters, escalators, and moving walks.

An elevator contractor engages in the business of erecting, constructing, wiring, altering, replacing, maintaining, repairing, dismantling, or servicing elevators, dumbwaiters, escalators, and moving walks. An elevator mechanic erects, constructs, wires, alters, replaces, maintains, repairs, dismantles, or services elevators, dumbwaiters, escalators, and moving walks. To qualify for an elevator contractor license, an applicant must have at least five years of work experience in the elevator industry in construction, maintenance, service, or repair. To qualify for an elevator mechanic license, an applicant

must have a combination of education and experience in the elevator industry and either pass the examination or have a certificate of completion of the mechanic examination of a nationally recognized training program for the elevator industry. Successful completion of an approved apprenticeship training program will satisfy the education, experience, and examination requirements.

Applicants who applied to the board before September 30, 2002, and presented acceptable proof that the applicant has worked as an elevator contractor, maintenance, or repair person are exempt from the examination requirement.

The board charges \$275 for an initial elevator contractor license and \$300 for a biennial renewal. The board charges \$175 for an initial elevator mechanic license and \$200 for a biennial renewal. Applicants must also pay a \$25 application fee. For \$25, the board may issue a temporary 30-day elevator mechanic license. The temporary license may be renewed for another 30 days for \$10. Licenses are to be issued for the first time in fiscal 2003.

For further information contact:

Maryland State Elevator Safety Review Board  
500 N. Calvert Street, 3rd Floor  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: <http://www.dllr.state.md.us/>

## **Employment Agencies**

The Division of Labor and Industry regulates and licenses employment agencies and employment counselors. An employment agency is an individual or business entity who, for a fee (1) obtains or attempts to obtain employment for a client or an employee for a client employer; (2) provides a client information to enable the client to get a job; (3) obtains or attempts to obtain employment in connection with an entertainment, exhibition, or performance; or (4) obtains or tries to obtain an alien labor certification or immigrant visa. Some persons are exempt from licensure, including those who directly employ individuals to provide part-time or temporary services or who receive a fee wholly paid by an employer and do not require a fee or a contract from a job seeker. An employment counselor is an individual who works for an employment agency providing job search services for clients.

To qualify for an employment agency license, the applicant must provide a schedule of fees that it expects to charge and a copy of each contract or form that the

applicant will use, as well as three letters of character references from individuals who live in Maryland. Further, an applicant must pay a \$7,000 penal bond. The division requires each place of business of an employment agency to obtain a separate license and separate bond.

The division charges \$200 fee for an original and annual renewal of an employment agency license for one place of business and \$100 for each additional location. The licensing fee for each employment counselor is \$5. The division collected \$17,925 in licensing and related fees in calendar 2001.

For further information contact:

Division of Labor and Industry  
1100 N. Eutaw Street, Room 606  
Baltimore, Maryland 21201  
(410) 767-2228  
Web Site: <http://www.dllr.state.md.us/labor/empa.html>

### **Foresters and Professional Land Surveyors**

The State Board of Foresters regulates and licenses foresters. The State Board of Professional Land Surveyors regulates the practice of land surveying and property line surveying by licensing professional land surveyors and property line surveyors and issuing permits to entities that operate a business through which land surveying or property line surveying is practiced.

Practicing forestry means consulting, investigating, evaluating, planning, and supervising forestry activities. Forestry activities include the application of scientific techniques to the planning, conservation, protection, and management of trees and related resources for their continuing use whether found in large numbers in forests, woodlands, and woodlots, or in small groupings and individual trees in suburban or urban settings. To qualify for a license, an applicant must meet experience and education criteria. The board may enter into reciprocal agreements with boards in other states. To qualify for a renewal license, the licensee must complete certain continuing education courses.

Practicing land surveying means establishing land boundaries, surveying and plotting land, and determining topography and contours. Property line surveying means practicing land surveying except for the performance of land surveying services that involve road and street grades, sediment and erosion control measures, and storm drainage and stormwater management systems. To qualify for a land surveyor license or a property line surveyor license, an applicant must pass an examination and meet

educational and experience criteria. The board is phasing in continuing professional competency requirements for the renewal of a license. To qualify for a renewal license on or after October 1, 2003, licensees must fulfill the full continuing professional competency requirements.

The State Board of Foresters charges \$55 for an original license and \$100 for a biennial renewal. The State Board of Foresters collected \$20,398 in licensing and related fees in fiscal 2001 and \$1,931 in fiscal 2002. The State Board of Professional Land Surveyors charges \$60 for an original land surveying license and for a biennial renewal and \$20 for an original property line surveyor license and \$40 for a biennial renewal. The board charges \$150 for an original corporate land surveying or property line surveying permit and for a biennial renewal. The State Board of Professional Land Surveyors collected \$56,902 in licensing and related fees in fiscal 2001 and \$63,046 in fiscal 2002.

For further information contact:

Maryland State Board of Foresters  
500 North Calvert Street, Room 304  
Baltimore, Maryland 21202  
(410) 230-6271  
Web Site: <http://www.dllr.state.md.us/>

Maryland State Board of Professional Land Surveyors  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: <http://www.dllr.state.md.us/>

## **Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors**

The State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors regulates and licenses persons who provide heating, ventilation, air-conditioning, and refrigeration services. The board enforces a code that sets minimum standards for altering, remodeling, maintaining, and repairing heating, ventilation, air-conditioning, and refrigeration systems.

The board issues five types of licenses – master, master restricted, limited contractor, journeyman, and apprentice. A master license entitles the licensee to provide heating, ventilation, air-conditioning, or refrigeration services. A master restricted

license entitles the licensee to provide services in one of the following areas: heating – forced air systems, heating – hydronic systems, ventilation, air-conditioning, or refrigeration. A limited contractor license allows the licensee to provide heating, ventilation, air-conditioning, or refrigeration services. A journeyman license entitles the licensee to perform heating, ventilation, air-conditioning, and refrigeration services while under the direction and control of a licensed contractor. An individual entering the trade of heating, ventilation, air-conditioning, and refrigeration work must obtain an apprentice license.

To qualify for a master license or a master restricted license, an applicant must (1) have three years of experience under a licensed master or restricted master; (2) work a minimum of 1,875 hours in the year prior to application; and (3) pass an examination. To qualify for a limited contractor license, an applicant must (1) have two years of experience under a licensed master; (2) work a minimum of 1,000 hours in the year prior to application; and (3) pass an examination.

A holder of a master, master restricted, or limited contractor license may not contract to provide services unless the work of the licensee, including completed operations, is covered by at least \$300,000 in general liability coverage and \$100,000 in property damage insurance coverage.

To qualify for a journeyman license, an applicant must (1) hold an apprentice license for at least three years; (2) complete at least 1,875 hours of training under the direction and control of a licensed contractor; and (3) pass an examination. An applicant may obtain a license without taking the examination if the applicant has successfully completed an apprenticeship program in heating, ventilation, air-conditioning, and refrigeration approved by the Apprenticeship and Training Council.

Many counties and municipalities in Maryland have license, permit, or inspection requirements that apply to heating, ventilation, air-conditioning, and refrigeration projects. The board is required to enter into a cooperative agreement with a county for the county to enforce the code adopted under the statute. Violations of local requirements are grounds for disciplinary action against a State licensee.

The board charges \$75 for an original master license and for a biennial renewal; \$25 – \$75 for an original master restricted license and for a biennial renewal; \$75 for an original limited contractor license and for a biennial renewal; \$20 for an original journeyman license and for a biennial renewal; and \$10 for an original apprentice license and for a biennial renewal. The board collected \$167,847 in licensing and related fees in fiscal 2001 and \$226,176 in fiscal 2002.

For further information contact:

Maryland State Board of Heating, Ventilation, Air-Conditioning and  
Refrigeration Contractors  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202  
(410) 230-6270  
Web Site: <http://www.dllr.state.md.us/>

## **Home Improvement Contractors**

The Home Improvement Commission regulates and licenses home improvement contractors, subcontractors, and sales persons. The commission sets standards to foster a high degree of professionalism and workmanship and safeguard consumer rights of homeowners.

The commission regulates more than 80 home improvement categories, including the repair, replacement, alteration, or remodeling of any building that is used as a residence or dwelling place for up to three family units. Home improvement services include the construction, improvement, or replacement, on land adjacent to the building, of a driveway, fall-out shelter, fence, garage, landscaping, porch, or swimming pool; connection, installation, or replacement, in the building or structure, of a dishwasher, disposal, or refrigerator with an icemaker to existing exposed household plumbing lines; installation, in the building or structure, of an awning, fire alarm, or storm window; and work done on individual condominium units. Home improvement services do not include work performed on apartment buildings that contain four or more single-family units or work performed on the commonly-owned areas of condominiums.

To qualify for a contractor, subcontractor, or salesperson license, an applicant must pass an examination. An applicant for a contractor license must demonstrate financial solvency by providing a list of total assets and liabilities, a statement of net worth, and a credit report. Additionally, the applicant must have at least two years of relevant work experience and provide a certificate of \$50,000 liability insurance.

At the time of application and license renewal for a contractor license, the applicant or licensed contractor must pay \$100 to the Home Improvement Guaranty Fund. The fund compensates homeowners for actual monetary losses due to poor workmanship or failure to perform a home improvement contract. Each licensed contractor is covered by the fund for up to \$100,000 for all claims. An individual homeowner may be awarded up to \$15,000 from the fund. Contractors may be required to contribute additional fees whenever the fund is in danger of falling below \$250,000.

The commission investigates complaints by homeowners and determines whether a homeowner is entitled to an award from the fund.

The commission charges \$225 for an original contractor license and for a biennial renewal, \$125 for an original subcontractor license and for a biennial renewal, and \$75 for an original salesperson license and for a biennial renewal. The commission collected \$1,718,245 in licensing and related fees in fiscal 2001 and \$1,531,765 in fiscal 2002.

For further information contact:

Maryland Home Improvement Commission  
500 North Calvert Street  
Baltimore, Maryland 21202  
(410) 230-6309  
Web Site: <http://www.dllr.state.md.us/>

## **Pilots and Docking Masters**

The State Board of Pilots regulates and licenses pilots who provide water pilotage in the Chesapeake Bay to ensure the safety of the pilotage services. The State Board of Docking Masters, established in 2000, regulates and licenses docking masters to ensure the safety of docking service safety.

Providing water pilotage means piloting a vessel when the vessel is underway on the navigable waters of the State, including when the vessel is towing or being towed by another vessel. The Board of Pilots issues five types of licenses (unlimited, 37-foot draft, 34-foot draft limited, 28-foot draft limited, and apprentice). To qualify for a license, an applicant must possess the appropriate skill, experience, and training. The board determines requirements for apprentices to enter the piloting profession and oversees the apprentice program. To ensure the adequacy of the equipment needed by the pilots, the board administers a Maintenance and Replacement Fund that is funded by the Association of Maryland Pilots from the collection of pilotage fees and charges. The Public Service Commission sets pilotage charges.

Providing docking master services means maneuvering a vessel during berthing or unberthing operations with tug assistance or shifting a vessel within a port, with tug assistance. The Board of Docking Masters issues three types of docking master licenses based on the size of vessels (a 37-foot draft license, a 43-foot draft license, and an unlimited license). To qualify for a license, an applicant must satisfy education and experience criteria. There is also a docking master trainee program from which the board chooses and appoints the necessary number of trainee docking masters.

The State Board of Pilots charges original pilot licensing and biennial renewal fees ranging from \$200 to \$600. The board collected \$6,742 in licensing and related fees in fiscal 2001 and \$36,850 in fiscal 2002. The State Board of Docking Masters charges original docking master licensing and biennial renewal fees ranging from \$300 to \$600. The board collected \$6,742 in licensing and related fees in fiscal 2001 and \$36,850 in fiscal 2002.

For further information contact:

Maryland State Board of Pilots  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: <http://www.dllr.state.md.us/>

Maryland State Board of Docking Masters  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: not available

## **Plumbers**

The State Board of Plumbing regulates and licenses plumbers. The board issues several types of licenses – master plumber, journey plumber, apprentice plumber, limited license for a master plumber, limited license for a journey plumber, propane gas fitter certificate, master natural gas fitters license, journeyman natural gas fitters license, and apprentice natural gas fitters license.

Providing plumbing services means installing, maintaining, extending, altering, or removing piping, a plumbing fixture, a plumbing appliance, a plumbing appurtenance, or other plumbing apparatus (1) within or adjacent to a building, structure, or property; and (2) in connection with a public or private disposal system, sanitary drainage facility, or storm drainage facility; a venting system; or public or private water supply system. Providing plumbing services includes installing, repairing, servicing, and replacing gas piping, gas utilization equipment, and associated accessories.

To qualify for a master plumber license, an applicant must (1) have held a journey license for at least two years; (2) complete 3,700 hours of training under the direction and control of a licensed master plumber; and (3) pass an examination. To qualify for a journey plumber license, an applicant must (1) have held an apprentice license for at least

four years; (2) complete 7,500 hours of training under the control and direction of a licensed master plumber; (3) complete 32 hours of training in backflow prevention devices; and (4) pass an examination. A limited master plumber license or limited journey plumber license authorizes the licensee to provide plumbing services only in a specified geographical area of the State. An apprentice plumber is authorized to assist in providing plumbing services only under the direction and control of a master plumber or a holder of a limited master plumber license.

Providing natural gas services means installing, maintaining, extending, altering, and removing piping, gas-fired equipment, appliances, or appurtenances in connection with a natural gas supply system downstream of the gas utility point of delivery. To qualify for a master natural gas fitters license, an applicant must have a current master gas fitters license from Baltimore City, Baltimore County, or the Washington Suburban Sanitary Commission. An applicant for a master natural gas fitters license after October 1, 2002, must fulfill training and experience requirements, pass an examination, and possess a Heating, Ventilation, Air-Conditioning, and Refrigeration Contractor license.

To qualify for a journey natural gas fitters license, an applicant must have acquired at least 3,750 hours as an apprentice natural gas fitter over a period of at least two years, complete an approved training course related to natural gas services, and pass an examination. An apprentice natural gas fitter is authorized to assist in providing natural gas services only under the direction and control of a master licensed master natural gas fitter.

Providing propane gas services means installing, repairing, servicing, and replacing propane gas piping, propane gas utilization equipment, and associated accessories. To qualify for a propane gas fitters certification, an applicant must (1) hold a current certification of completion of the National Propane Gas Association training program for distribution systems operations; (2) hold a gas fitters license from a county or municipal corporation authorizing the person to provide gas services; or (3) demonstrate that the applicant's qualifications are at least equivalent to the qualification required by the association.

The board charges \$70 for an original master (plumber or natural gas fitters) license and for a biennial renewal; \$35 for an original journey (journey plumber or journeyman natural gas fitters) license and for a biennial renewal; \$15 for an apprentice (plumber or natural gas fitters) license and for a biennial renewal; and \$35 for a propane gas fitters certification and for a biennial renewal. The board collected \$220,121 in licensing and related fees in fiscal 2001 and \$275,953 in fiscal 2002.

For further information contact:

Maryland State Board of Plumbing  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202  
(410) 230-6270  
Web Site: <http://www.dllr.state.md.us/>

## **Professional Engineers**

The State Board of Professional Engineers regulates and licenses professional engineers. Professional engineering means any service or creative work the performance of which requires education, training, and experience in the application of special knowledge of the mathematical, physical, and engineering sciences and the principles and methods of engineering analysis and design.

To qualify for a license, an applicant must meet experience and educational criteria and pass an examination in the fundamentals of engineering and an examination in the principles and practice of engineering. The applicant must take the principles and practice examination in the discipline in which the applicant's education and experience were gained. The disciplines are agricultural, architectural, chemical, civil, electrical, control systems, environmental, fire protection, industrial, manufacturing, mechanical, metallurgical, mining/mineral, naval architecture/marine engineering, nuclear, petroleum, and structural.

A professional engineer who is licensed in another state may obtain a limited license to practice engineering for a specific job in Maryland. A license by reciprocity to practice engineering in the State is available to an individual who is currently licensed to practice engineering in another state or territory of the United States or in a foreign country.

The board charges \$20 for an original license and for a biennial renewal. The board charges \$25 for a limited license and \$100 for a license by reciprocity. The board collected \$411,762 in licensing and related fees in fiscal 2001 and \$459,795 in fiscal 2002.

For further information contact:

Maryland State Board for Professional Engineers  
500 North Calvert Street, Room 308  
Baltimore, Maryland 21202  
(410) 230-6322  
Web Site: <http://www.dllr.state.md.us/>

## **Real Estate Appraisers and Home Inspectors**

The State Commission of Real Estate Appraisers and Home Inspectors regulates and licenses/certifies real estate appraisers and home inspectors.

Providing real estate appraisal services means making an appraisal of real estate or prepare or sign an appraisal report in connection with a federally-related transaction, as defined in the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The federal Act spurred State legislation regulating real estate appraisers and mandated that all mortgage lenders and financial institutions that offer “federally-related” loan transactions secured by a lien on real property and over a specific dollar amount, must use a State licensed or certified appraiser. Minimum criteria for the licensing and certification of appraisers are subject to federal standards. Since the enactment of legislation regulating real estate appraisers, additional legislation has been enacted to regulate home inspectors.

Maryland’s statute regulating real estate appraisers is recognized at the federal level as a minimum mandatory law. This statute, unlike the laws in several surrounding states, only requires an appraiser to be licensed or certified if they are performing an appraisal on a “federally-related” transaction. All other appraisals may be performed by unlicensed persons. The commission provides three categories of real estate appraiser license/certification – license, certified residential, and certified general. Varying amounts of education and work experience are required for each category. At least 2,000 work experience hours must be completed as a real estate appraiser trainee under the supervision of a licensed or certified appraiser.

Providing home inspection services means providing an evaluation of one or more of the components of an existing residential building, including the heating system, cooling system, plumbing system, electrical system, structural components, foundation, roof, masonry structure, exterior and interior components, or any other related residential housing component. To qualify for a home inspector license, an applicant must complete 48 hours of training in home inspection and satisfy high school education and liability insurance requirements before becoming licensed.

The commission charges \$150 for an original real estate appraiser license and \$125 for a three-year term renewal. The commission charges \$175 for a certified residential appraiser license and a certified general appraiser license and \$125 for a three-year renewal. Fees for appraiser licensure/certification include a \$75 Federal Appraisal Fee Fund allocation. The commission charges \$75 for an appraiser trainee license that may be renewed for one additional three-year term. For home inspector licenses, the commission charges \$400 for an original license and for a two-year renewal. The

commission generated \$46,494 in licensing and related fees in fiscal 2001 and \$103,106 in fiscal 2002.

For further information contact:

Commission of Real Estate Appraisers and Home Inspectors  
500 North Calvert Street  
Baltimore, Maryland 21202  
(410) 230-6165  
Web Site: <http://www.dllr.state.md.us/>

## **Real Estate Brokers**

The Real Estate Commission regulates and licenses real estate brokers, associate real estate brokers, and real estate salespersons.

Providing real estate brokerage services means selling, buying, exchanging, or leasing any real estate or collecting rent for the use of any real estate for another person; assisting another person to locate or obtain for purchase or lease any residential real estate; engaging regularly in a business of dealing in real estate or leases or options on real estate; engaging in a business to promote the sale of real estate through a listing in a real estate publication; or engaging in a business that subdivides land and sells the divided lots. Providing real estate brokerage services includes serving as a consultant regarding any of these activities.

To qualify for a real estate broker license, an applicant must successfully complete a course approved by the commission and have been a licensed real estate salesperson who actively provided real estate brokerage services for at least three years. To qualify for an associate real estate broker license, an applicant must complete the same education and experience requirements for a real estate broker license and obtain a commitment from a licensed real estate broker that the applicant will become affiliated with the licensed real estate broker.

To qualify for a real estate salesperson license, an applicant must successfully complete a basic course in real estate that does not require more than 60 hours of classroom instruction, or with approval from the commission, courses in real estate subjects at any college. An applicant for each of the licenses must also pass an examination. All licensees, with the exception of those who only provide services for commercial real estate transactions, must complete continuing education requirements for a license renewal. The commission investigates complaints through hearing panels that

conduct hearings on charges and complaints referred by the commission or by other persons.

“Dual agency” is allowed in Maryland in the limited circumstance when a real estate broker represents both a seller and a buyer of residential real property listed by the real estate broker in accordance with specified conditions, including the written consent of all parties to the transaction. The statute provides standards for licensees when providing real estate brokerage services to clients under a brokerage agreement and to prospective buyers and lessees under presumed agency relationships. To allow brokerage firms to provide the full range of services to clients when representing both buyers and sellers, the law specifies the roles of “intra-company agents” and “dual agents.” There is a presumption of buyer’s agency for a licensee who assists a prospective buyer in locating residential real property and who is neither affiliated with or acting as the listing broker for that property.

The commission administers a Real Estate Guaranty Fund that bonds all licensees. The amount recovered for any claim against the guaranty fund may not exceed \$25,000. A \$20 fee is assessed on brokers, associate brokers, and salespersons at the time of original licensure. The commission charges \$95 for an original license and a biennial renewal for a broker license; \$65 for an original license and a biennial renewal for an associate broker license; and \$45 for an original license and a biennial renewal for a salesperson license. The commission generated \$1,344,327 in licensing and related fees in fiscal 2001 and \$1,352,608 in fiscal 2002.

For further information contact:

Maryland Real Estate Commission  
500 North Calvert Street  
Baltimore, Maryland 21202  
(410) 230-6230  
Web Site: <http://www.dllr.state.md.us/>

## **Secondhand Precious Metal Object Dealers and Pawnbrokers**

The Secondhand Precious Metal Object Dealers and Pawnbrokers Licensing Unit regulates and licenses secondhand precious metal object dealers and pawnbrokers.

A dealer is an individual who acquires commercially from the public or trades commercially with the public in secondhand precious metal objects. A dealer includes a retail jeweler who acquires commercially from the public or trades commercially with the public in secondhand precious metal objects. A pawnbroker is an individual who

engages in pawn transactions, including (1) loaning money on deposit or pledge of personal property or other valuable thing; or (2) purchasing personal property or other valuable things on condition of selling the same personal property back at a stipulated price.

The Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services must provide to the unit a criminal history record background check for each applicant. Many counties in the State have local ordinances and zoning laws that apply to secondhand precious metal object dealer locations and pawn shops. A pawnbroker is not required to obtain a State license if the pawnbroker is located in a county that regulates pawnbrokers.

The unit charges \$75 for an original license and for a biennial renewal. The applicant also pays the cost of the criminal history record background check. The unit collected \$7,149 in revenue in fiscal 2001 and \$14,025 in fiscal 2002.

For further information contact:

Secondhand Precious Metal Objects Dealers and Pawnbrokers  
Licensing Unit  
500 North Calvert Street, Room 304  
Baltimore, Maryland 21202  
(410) 230-6271  
Web Site: <http://www.dllr.state.md.us/>

## **Stationary Engineers**

The Board of Examining Engineers regulates and licenses stationary engineers in Baltimore City. Stationary engineers are individuals who work with physical plant machinery of buildings. The board was instituted in the interest of safety and efficiency in the operation, use, and inspection of steam and power generators, heating plants, hosting machines, pressure vessels, and related equipment.

The board issues four classifications of licenses – first, second, third, and fourth grade stationary engineer. A first grade engineer is licensed to take charge of any plant machinery. A second grade engineer is licensed to take charge of plant machinery up to 500 horsepower. A third grade engineer is licensed to take charge of plant machinery up to 30 horsepower. A fourth grade engineer may take charge of any hoisting or portable machinery. The board is phasing out the issuance of fourth grade licenses. To qualify for a license, an applicant must meet certain minimum experience requirements and pass a written examination.

Legislation enacted in 2002 directs the board to report by October 1, 2003, on its findings and recommendations for establishing a statewide stationary engineering licensing program. The board charges \$15 for an original license and \$30 for a biennial renewal. The board collected \$84,223 in fiscal 2001 for licensing and related fees and \$87,436 in fiscal 2002.

For further information contact:

Maryland State Board of Examining Engineers  
500 North Calvert Street, Room 302  
Baltimore, Maryland 21202  
(410) 230-6270  
Web Site: <http://www.dllr.state.md.us/>

## **Department of State Police**

In addition to its regulatory duties of enforcing public safety laws, the Department of State Police regulates private detectives, security guard agencies, and security system technicians.

### **Private Detectives**

The Department of State Police regulates private detectives and private detective agencies. A person must be licensed by the Secretary of State Police as a private detective agency before the individual or business entity may provide private detective services in the State. A license is not required for those who (1) exclusively investigate and report on the financial standing or creditworthiness of a person; (2) exclusively investigate and make reports for insurance or credit (unless the report requires a certain level of surveillance); (3) monitor electronically controlled burglar or fire alarm systems; or (4) conducts marketing surveys.

Generally, an individual must be certified by the Secretary as a private detective before the individual may personally provide any private detective services.

To qualify for a private detective agency license, an applicant must undergo a State and federal criminal background check, submit a complete set of fingerprints for each employee who will provide private detective services, and submit five written recommendations per employee. Further, an applicant must obtain a \$3,000 surety bond (\$5,000 if the applicant is a firm) and \$1 million of liability insurance.

For an original private detective agency license, the department charges \$200 if the applicant is an individual and \$375 if the applicant is a firm. To renew an agency license for a two-year term, it costs \$200 if the applicant is an individual and \$400 if the applicant is a firm. Applicants also pay the cost of a criminal background and fingerprint check. The department charges \$15 for an original certification of a detective and \$10 for a three-year renewal. The department collected \$170,486 in licensing and related fees in fiscal 2001 and \$134,657 in fiscal 2002.

For further information contact:

Department of State Police  
1201 Reisterstown Road  
Pikesville, Maryland 21208  
(410) 486-3101  
Web Site:  
[http://www.inform.umd.edu/UMS+State/MD\\_Resources/MDSP/](http://www.inform.umd.edu/UMS+State/MD_Resources/MDSP/)

### **Security Guard Agencies**

The Department of State Police regulates individuals and firms that are hired to protect individuals or property. In addition to licensing security guard agencies, the department certifies individual security guards who are employed by security guard agencies.

License and certification applicants must undergo a criminal history records check and submit a complete set of fingerprints. Any firm that intends to employ at least five people as security guards must obtain \$1 million general liability insurance. Failure to maintain insurance is grounds for automatic suspension of a security guard agency's license.

The department charges \$200 for an original agency license and for a three-year renewal if the applicant is an individual and \$375 for an original agency license and \$400 for a three-year renewal if the applicant is a firm. The department charges \$15 to certify an employee as a security guard and \$10 to renew a security guard certification. Applicants also pay the cost of a criminal history records check. The department collected \$167,155 in licensing and related fees in fiscal 2001 and \$156,806 in fiscal 2002.

For further information contact:

Department of State Police  
1201 Reisterstown Road  
Pikesville, MD 21208  
(410) 486-3101  
Web Site:  
[http://www.inform.umd.edu/UMS+State/MD\\_Resources/MDSP](http://www.inform.umd.edu/UMS+State/MD_Resources/MDSP)

## **Security Systems Technicians**

The Department of State Police regulates and licenses security systems agencies and registers security systems technicians who personally provide security systems services. Security systems services involve physically installing, maintaining, or repairing a security system on the premises of a person's residential or commercial property or responding to an alarm sounding from a security system. Approximately 750 licensed security system agencies employ about 5,700 registered employees.

To qualify for a security systems agency license, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints. Further, an applicant must obtain (1) a \$50,000 fidelity bond; (2) \$50,000 general liability insurance; and (3) two recommendations by reputable citizens in Maryland or the applicant's state of residence. To qualify for a security systems technicians registration, an applicant must undergo a State and federal criminal history records check and submit a complete set of fingerprints.

The department charges \$150 for an original agency license, which includes the cost of a criminal records check, and \$57 plus the cost of a criminal records check to register each technician. It costs \$100 plus the fee for a criminal history records check to renew an agency license for a three-year period and \$39 plus the fee for a criminal history records check to renew each technician's registration for a three-year period. The department collected \$72,020 in licensing and related fees in fiscal 2001 and \$44,855 in fiscal 2002.

For further information contact:

Department of State Police  
1201 Reisterstown Road  
Pikesville, MD 21208  
(410) 486-3101  
Web Site:  
[http://www.inform.umd.edu/UMS+State/MD\\_Resources/MDSP](http://www.inform.umd.edu/UMS+State/MD_Resources/MDSP)

## **Office of the Attorney General, Court of Appeals, and Department of Public Safety and Correctional Services**

In addition to its regulatory duties of enforcing the consumer protection laws, the Consumer Protection Division of the Office of the Attorney General has a unit that regulates home builders. Other State agencies also regulate occupations and professions while protecting the public. The Court of Appeals regulates lawyers and the Department of Public Safety and Correctional Services regulates private home detention monitoring agencies.

### **Home Builders**

The Home Builder Registration Unit, established in January 2001 in the Consumer Protection Division of the Office of the Attorney General, regulates and registers home builders. A home builder is a person that builds new homes or that enters into contracts to sell new homes. Only one registration is required for a home builder that, as a single legal entity, builds and sells new homes. If a home builder conducts its building business under a separate legal entity from its selling business, a registration is required for each entity. An entity that builds new homes solely in Montgomery County is exempt from the State registration requirement. The building and permits department of a county may not issue a building permit to an unregistered home builder.

Others exempt from the registration requirements include employees, subcontractors, and vendors of registrants; manufacturers of industrialized buildings intended for residential use or of mobile homes, if the manufacturers do not install the buildings or homes; real estate developers that do not construct homes; and financial institutions lending money for home purchases.

The Home Builder Registration Unit maintains a list of all registrants, develops and provides registrants and consumers with a consumer information pamphlet on the rights and remedies a consumer has in the purchase of a new home, and maintains information on the resolution of consumer complaints involving new home builders.

The unit charges \$600 for an initial registration. The unit charges \$300 for a biennial renewal for a home builder that builds 10 or fewer homes in the calendar year preceding the renewal date and \$600 for a biennial renewal for a home builder that builds 11 or more new homes in the calendar year preceding the renewal date. The unit is special funded by registration and related fees. Registration of home builders began on January 1, 2001. During the first year, over 2,300 registrations were issued resulting in the collection of \$1,297,025 in fiscal 2001. During fiscal 2002, the unit collected \$417,000 in registration and related fees.

For further information contact:

Maryland Home Builder Registration Unit  
Consumer Protection Division  
Office of the Attorney General  
200 St. Paul Place, 17th Floor  
Baltimore, Maryland 21202  
(410) 576-6573  
Web Site: <http://www.oag.state.md.us/Homebuilder/>

## **Lawyers**

Established in 1898, the State Board of Law Examiners regulates admissions to the bar in Maryland, subject to the ultimate authority of the Court of Appeals for regulating the practice of law and the conduct and admission of attorneys. Approximately 30,000 lawyers practice in Maryland.

To practice law in Maryland, an individual must have a law degree, complete a legal professionalism course, and pass the Maryland bar examination, which is administered twice a year by the State Board of Law Examiners. The two-day exam consists of essays and multiple-choice questions on specific areas of law, such as constitutional law, contracts, criminal law and procedure, and torts. The applicant must also undergo a detailed character investigation by one of the board's eight character committees (appointed by the Court of Appeals) or by the National Conference of Bar Examiners if the applicant is an out-of-state attorney.

The board charges the following fees for bar admission:

- registration fees: \$175 for timely filing or \$225 for late filing;
- examination fees: \$150;
- out-of-state attorney registration fees: \$600;
- retake fees: \$150; and
- character questionnaire update fees: \$45.

All revenues collected by the board are deposited into the general fund through the Administrative Office of the Courts. The board collected \$647,924 in fees in fiscal 2001 and \$729,117 in fiscal 2002. The Court of Appeals also operates a Clients' Security

Trust Fund used to reimburse losses caused by lawyer misconduct. Lawyers admitted to the Maryland Bar must pay an annual \$20 fee to the fund.

A person who practices law without admission to the bar or misrepresents the authority to practice is guilty of a misdemeanor and upon conviction faces a fine of up to \$5,000 or imprisonment of one year, or both. Anyone who violates laws governing trust accounts faces a fine up to \$5,000 or up to five years imprisonment, or both.

For further information contact:

Maryland Board of Law Examiners  
251 Rowe Boulevard, Room 307  
Annapolis, Maryland 21401  
(410) 260-1975  
Web Site: <http://www.courts.state.md.us/ble/>

### **Private Home Detention Monitoring Agencies**

Pursuant to legislation enacted in 1998, the Central Home Detention Unit of the Department of Public Safety and Correctional Services regulates and licenses private home detention monitoring agencies. These agencies monitor individuals who are placed in home detention, generally in lieu of incarceration, pursuant to a court order. Detainees are monitored 24 hours a day using electronic equipment or other monitoring methods.

To qualify for a license to operate a business that provides monitoring services for a fee, an applicant must undergo a State and federal criminal history records check, submit a complete set of fingerprints, and obtain a \$2,500 bond. Each individual the agency intends to employ as a home detention monitor must also undergo a State and national criminal history records check. To qualify for renewal, an agency must demonstrate compliance with employer tax obligations and other requirements. The unit also enforces regulations pertaining to monitoring equipment, training of licensees, and the number of monitors on duty in relation to the number of defendants.

The department charges \$500 for an original agency license and \$100 for a biennial renewal. Applicants also pay the cost of a criminal history records check. The department collected \$1,190 in licensing and related fees in fiscal 2002. No fees were collected in fiscal 2001(a nonrenewal year) since no new licenses were issued.

For further information contact:

Department of Public Safety and Correctional Services  
Suite 1000, 300 East Joppa Road  
Towson, Maryland 21286-3020  
(410) 339-5000  
Toll Free in Maryland: 1-877-379-8636  
Web Site: <http://www.dpscs.state.md.us/>



# Appendix 1

## Local Permit, Business License, and Assessment Information

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	<u>Local Permit Information</u>	<u>Local Business Licenses (Clerks of the Circuit Court)</u>	<u>Local Assessments and Taxation Offices</u>
Allegany County	(301) 777-5951	(301) 777-5922	(301) 777-2108
Anne Arundel County	(410) 222-7700	(410) 222-1434	(410) 974-5709
Baltimore City	(410) 396-3787	(410) 333-3790	(410) 767-8250
Baltimore County	(410) 887-3353	(410) 887-2607	(410) 512-4900
Calvert County	(410) 535-1600, ext. 552	(410) 535-1600, ext. 264	(410) 535-8850
Caroline County	(410) 479-2230	(410) 479-1811	(410) 479-5850
Carroll County	(410) 386-2248	(410) 386-2023	(410) 857-0600
Cecil County	(410) 996-5235	(410) 996-5380	(410) 996-0525
Charles County	(301) 645-0692	(301) 932-3240	(301) 932-2440
Dorchester County	(410) 228-9636	(410) 228-0480	(410) 228-3380
Frederick County	(301) 631-2313	(301) 694-1961	(301) 694-2040
Garrett County	(301) 334-1920	(301) 334-1937	(301) 334-1950
Harford County	(410) 638-3366	(410) 638-3248	(410) 836-4800
Howard County	(410) 313-2455	(410) 313-2111	(410) 461-0135
Kent County	(410) 778-7423	(410) 778-7431	(410) 778-7447
Montgomery County	(240) 777-6360	(240) 777-9460	(301) 279-1431
Prince George's County	(301) 883-5784	(301) 952-3318	(301) 952-2500
Queen Anne's County	(410) 758-4088	(410) 758-1773	(410) 758-5030
St. Mary's County	(301) 475-4670	(301) 475-4554	(301) 475-4620
Somerset County	(410) 651-1424	(410) 651-1555	(410) 651-0868
Talbot County	(410) 770-8170	(410) 822-2611	(410) 822-5920
Washington County	(240) 313-2460	(301) 733-8660	(301) 791-3050
Wicomico County	(410) 548-4801	(410) 543-6551	(410) 543-6623
Worcester County	(410) 632-1200	(410) 632-1221	(410) 632-1196

Source: State Department of Assessments and Taxation, Office of the Comptroller of Maryland

## Appendix 2

### Local Health Departments

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**Allegany County**

Health Officer  
12500 Willowbrook Road  
Cumberland, MD 21501  
Phone: (301) 777-5600  
Fax: (301) 777-5674  
[www.hereintown.net/~dressman/achd/](http://www.hereintown.net/~dressman/achd/)

**Anne Arundel County**

Health Officer  
Three Harry S. Truman Parkway  
Annapolis, MD 21401  
Phone: (410) 222-7095  
Fax: (410) 222-7294  
[www.aahealth.org](http://www.aahealth.org)

**Baltimore City**

Commissioner of Health  
210 Guilford Avenue, 3<sup>rd</sup> Floor  
Baltimore, MD 21202  
Phone: (410) 396-4387  
Fax: (410) 396-1571  
[www.ci.baltimore.md.us/government/health/index.html](http://www.ci.baltimore.md.us/government/health/index.html)

**Baltimore County**

Health Officer  
One Investment Place, 11<sup>th</sup> Floor  
Towson, MD 21204-4111  
Phone: (410) 887-3740  
Fax: (410) 296-0639  
[www.co.ba.md.us/p.cfm/agencies/health](http://www.co.ba.md.us/p.cfm/agencies/health)

**Calvert County**

Health Officer  
Health Department  
975 Solomons Island Road, North  
P.O. Box 980  
Prince Frederick, MD 20678  
Phone: (410) 535-5400  
Fax: (410) 535-5285  
[www.calverthealth.org](http://www.calverthealth.org)

**Caroline County**

Health Officer  
403 South 7<sup>th</sup> Street  
P.O. Box 10  
Denton, MD 21629  
Phone: (410) 479-8030  
Fax: (410) 479-0554  
[www.carolinehd.org](http://www.carolinehd.org)

**Carroll County**

Health Officer  
P.O. Box 845  
290 South Center Street  
Westminster, MD 21158-0845  
Phone: (410) 876-2152  
Fax: (410) 876-4988  
<http://ccpl.carr.org/cchd/>

**Cecil County**

Health Officer  
John M. Byers Health Center  
401 Bow Street  
Elkton, MD 21921-5515  
Phone: (410) 996-5550  
Fax: (410) 996-5179  
[www.ccmagazine.org/organiz/cchdmain.htm](http://www.ccmagazine.org/organiz/cchdmain.htm)

**Charles County**

Health Officer  
4545 Crane Highway  
P.O. Box 1050  
White Plains, MD 20695  
Phone: (301) 609-6900  
Fax: (301) 934-4632

**Dorchester County**

Health Officer  
Three Cedar Street  
Cambridge, MD 21613  
Phone: (410) 228-3223  
Fax: (410) 228-9319

**Frederick County**

Health Officer  
350 Montevue Lane  
Frederick, MD 21702  
Phone: (301) 694-1029  
Fax: (301) 631-3111  
[www.frederickhealth.org](http://www.frederickhealth.org)

**Garrett County**

Health Officer  
1025 Memorial Drive  
Oakland, MD 21550  
Phone: (301) 334-7777  
Fax: (301) 334-7701  
[www.garretthealth.org](http://www.garretthealth.org)

**Harford County**

Health Officer  
119 South Hays Street  
Bel Air, MD 21014  
Phone: (410) 879-8322  
Fax: (410) 879-6823  
[www.co.ha.md.us/health](http://www.co.ha.md.us/health)

**Howard County**

Health Officer  
6741 Columbia Gateway Drive  
Columbia, MD 21046  
Phone: (410) 313-6300  
Fax: (410) 313-6303  
[www.co.ho.md.us/health.html](http://www.co.ho.md.us/health.html)

**Kent County**

Health Officer  
Box 359  
125 South Lynchburg Street  
Chestertown, MD 21620  
Phone: (410) 778-1350  
Fax: (410) 777-6119

**Montgomery County**

Health Officer  
401 Hungerford Drive, 5<sup>th</sup> Floor  
Rockville, MD 20850  
Phone: (240) 777-1245  
Fax: (240) 777-1494  
[www.co.mo.md.us/services/hhs/](http://www.co.mo.md.us/services/hhs/)

**Prince George's County**

Health Officer  
1701 McCormick Drive  
Largo, MD 20774  
Phone: (301) 883-7832  
Fax: (301) 883-7896  
<http://www.goprincegeorgescounty.com/Government/AgencyIndex/Health/index.asp?h=20&s=&n=160>

**Queen Anne's County**

Health Officer  
206 North Commerce Street  
Centreville, MD 21617  
Phone: (410) 758-0720  
Fax: (410) 758-2838  
<http://qahealth.org>

**St. Mary's County**

Health Officer  
21580 Peabody Street  
Leonardtown, MD 20650  
Phone: (301) 475-4330  
Fax: (301) 475-4350  
[www.smchd.org](http://www.smchd.org)

**Somerset County**

Health Officer  
7920 Crisfield Highway  
Westover, MD 21871  
Phone: (410) 651-5600  
Fax: (410) 651-5680  
[www.somersethd.org](http://www.somersethd.org)

**Talbot County**

Health Officer  
100 South Hanson Street  
Easton, MD 21601  
Phone: (410) 822-2292  
Fax: (410) 822-2583

**Washington County**

Health Officer  
1302 Pennsylvania Avenue  
P.O. Box 2067  
Hagerstown, MD 21742  
Phone: (240) 313-3200  
Fax: (240) 313-3301  
[www.washhealth.org](http://www.washhealth.org)

**Wicomico County**

Health Officer

108 East Main Street

Salisbury, MD 21801

Phone: (410) 749-1244

[www.co.wicomico.md.us/health](http://www.co.wicomico.md.us/health)

**Worcester County**

Health Officer

6040 Public Landing Road

P.O. Box 249

Snow Hill, MD 21863

Phone: (410) 632-1100

Fax: (410) 632-0609

[www.worcesterhealth.org](http://www.worcesterhealth.org)

Source: Department of Health and Mental Hygiene

## Appendix 3

### County Liquor Boards

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**Allegany County**

Board of License Commissioners  
701 Kelly Road, Room 202  
Cumberland, MD 21502  
Phone: (301) 724-6485

**Anne Arundel County**

Board of License Commissioners  
94 Franklin Street  
Annapolis, MD 21401  
Phone: (410) 222-1148

**Annapolis (City of)**

Alcoholic Beverage Control Board  
Municipal Building, Rm 102  
160 Duke of Gloucester Street  
Annapolis, MD 21401  
Phone: (410) 263-7942

**Baltimore (City of)**

Board of License Commissioners  
10 South Street, Suite 200  
Baltimore, MD 21202  
Phone: (410) 396-4377  
(410) 396-4385

**Baltimore County**

Board of Liquor License Commissioners  
County Office Building  
111 W. Chesapeake Avenue, Room G14  
Towson, MD 21204  
Phone: (410) 887-3191

**Calvert County**

Board of License Commissioners  
Calvert County Court House  
175 Main Street  
Prince Frederick, MD 20678  
Phone: (410) 535-1070  
(301) 855-1243

**Caroline County**

Board of License Commissioners  
Court House  
109 Market Street  
P. O. Box 207  
Denton, MD 21629  
Phone: (410) 479-1418

**Carroll County**

Board of License Commissioners  
County Office Building  
225 North Centre Street, Room 105  
Westminster, MD 21157  
Phone: (410) 857-2094

**Cecil County**

Board of License Commissioners  
Room 334, County Office Bldg.  
129 East Main Street  
Elkton, MD 21921  
Phone: (410) 996-5215

**Charles County**

Board of License Commissioners  
 Government Building  
 P.O. Box B  
 La Plata, MD 20646  
 Phone: (301) 645-0555 (Maryland)  
 (301) 870-2260 (D.C. Area)

**Dorchester County**

Board of License Commissioners  
 County Office Building  
 P.O. Box 26  
 Cambridge, MD 21613  
 Phone: (410) 228-1700

**Frederick County**

Board of License Commissioners  
 Winchester Hall  
 12 East Church Street  
 Frederick, MD 21701  
 Phone: (301) 694-1156

**Garrett County**

Board of License Commissioners  
 Old Court House, Room 105  
 313 E. Alder Street  
 Oakland, MD 21550  
 Phone: (301) 334-1925

Liquor Control Board  
 Court House, Room 105  
 313 E. Alder Street  
 Oakland, MD 21550  
 Phone: (301) 334-1928

**Harford County**

Liquor Control Board  
 16 N. Main Street  
 Bel Air, MD 21014  
 Phone: (410) 879-6370

**Howard County**

Board of License Commissioners  
 George Howard Building  
 3430 Court House Drive  
 Ellicott City, MD 21043  
 Phone: (410) 313-2008

**Kent County**

Board of License Commissioners  
 Court House, 103 N. Cross Street  
 Chestertown, MD 21620  
 Phone: (410) 778-7435

**Montgomery County**

Board of License Commissioners  
 16650 Crabbs Branch Way  
 Rockville, MD 20855-2297  
 Phone: (301) 217-1999

Department of Liquor Control  
 16650 Crabbs Branch Way  
 Rockville, MD 20855-2297  
 Phone: (301) 217-1900

**Prince George's County**

Board of License Commissioners  
 County Service Building, Room 204  
 5012 Rhode Island Avenue  
 Hyattsville, MD 20781  
 Phone: (301) 699-2770

**Queen Anne's County**

Board of License Commissioners  
 County Office Building  
 208 N. Commerce Street  
 Centreville, MD 21617  
 Phone: (410) 758-3133

**St. Mary's County**

The Alcoholic Beverages Board of St.  
Mary's County  
Governmental Center  
P.O. Box 653  
Leonardtown, MD 20650  
Phone: (301) 475-4543

**Somerset County**

Board of License Commissioners  
c/o Tony Bruce, Esq.  
P.O. Box 567  
Princess Anne, MD 21853  
Phone: (410) 651-2747

Liquor Control Board  
11754 South Somerset Avenue  
Princess Anne, MD 21853  
Phone: (410) 651-0588

**Talbot County**

Board of Liquor/License Commissioners  
11 N. Washington Street  
Easton, MD 21601  
Phone: (410) 822-5876

**Washington County**

Board of License Commissioners  
148 W. Washington Street  
Hagerstown, MD 21740  
Phone: (301) 797-4591

**Wicomico County**

Board of License Commissioners  
201 East Market Street, Suite 112  
P.O. Box 78  
Salisbury, MD 21803-0078  
Phone: (410) 548-4835

Liquor Control Board  
809 S. Salisbury Blvd.  
Salisbury, MD 21801  
Phone: (410) 749-5721

**Worcester County**

Board of License Commissioners  
Court House, Room 116  
1 W. Market Street  
Snow Hill, MD 21863-1070  
Phone: (410) 632-1908

Liquor Control Board  
433 W. Market Street  
Snow Hill, MD 21863  
Phone: (410) 632-1250

## Appendix 4

### State Highway Administration – District Engineers

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<u>District</u>	<u>Counties</u>	<u>Location</u>
1	Dorchester Somerset Wicomico Worcester	Salisbury District Office 660 West Road, P.O. Box 2679 Salisbury, Maryland 21801 Phone: (410) 543-6715
2	Caroline Cecil Kent Queen Anne's Talbot	Chestertown District Office 615 Morgnec Road, P.O. Box 299 Chestertown, Maryland 21620 Phone: (410) 778-3061
3	Montgomery Prince George's	Greenbelt District Office 9300 Kenilworth Avenue Greenbelt, Maryland 20770 Phone: (301) 513-7300
4	Baltimore Harford	Brooklandville District Office 2323 West Joppa Road Brooklandville, Maryland 21022 Phone: (410) 321-2800
5	Anne Arundel Calvert Charles St. Mary's	Annapolis District Office 138 Defense Highway Annapolis, Maryland 21401 Phone: (410) 841-5450
6	Allegany Garrett Washington	Cumberland District Office 1251 Vocke Road La Vale, Maryland 21502 Phone: (301) 729-8400
7	Carroll Frederick Howard	Frederick District Office 5111 Buckeystown Pike Frederick, Maryland 21704 Phone: (301) 624-8100

<u>District</u>	<u>Counties</u>	<u>Location</u>
Baltimore City (not under State Highway Administration)	Baltimore City	Baltimore City Bureau of Transportation 417 East Fayette Street, Room 527 Baltimore, Maryland 21202 Phone: (410) 396-6802

Source: Department of Legislative Services



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